



Daily Report

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Daily Report

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General

Halting of U.S.-S. Korea Exercise 'Beneficial'
HK1910101188 Beijing RENMIN RIBAO
in Chinese 16 Oct 88 p 6

[Dispatch from Pyongyang by reporter Xu Baokang (1776 1405 1660): "Japanese Press Circles Say That the United States Will Halt 'Team Spirit' Military Exercise in South Korea"]

[Text] Pyongyang, 15 Oct—According to a report by Japanese press circles, the U.S. Government no longer plans to hold the "Team Spirit" military exercise that is conducted in South Korea every spring in order to promote the dialogue between North and South Korea that is now in progress.

The report says that the purpose of the U.S. Government in doing this is to avoid irritating the northern side of Korea and to ease the tension on the Korean peninsula. The northern side of Korea has always said that the "Team Spirit" joint military exercise is a plot by the United States and South Korea to intensify tension on the peninsula.

Since 1976, South Korea and the United States have held a large-scale joint military exercise called "Team Spirit" every spring. In 1985, an easing of tension occurred on the peninsula because of the halt of the military exercise. Persons here maintain that if the United States halts the "Team Spirit" joint military exercise, this will be beneficial to the easing of tension on the Korean peninsula, promoting dialogue, and creation of conditions for the peaceful reunification of Korea.

'Commentary' on East-West European Relations
HK1910021188 Beijing RENMIN RIBAO
in Chinese 14 Oct 88 p 6

["Commentary" by RENMIN RIBAO reporter Zhang Qihua (1728 0796 5478): "East-West European Relations as Viewed From the Soviet Foreign Minister's Visit to France"]

[Text] Paris, 13 Oct—Soviet Foreign Minister Shevardnadze ended his 3-day formal visit to Paris on 12 October. During the visit, he met French leaders such as President Mitterrand and Prime Minister Rocard. Before he left Paris, Shevardnadze told the press that the USSR and France have "close" standpoints on a series of important issues. Relations between the two countries have entered a more active stage.

In a commentary in LE FIGARO today, the discussions between Shevardnadze and French leaders were described as wide-ranging discussions with positive attitudes. During these 3 days, both sides specially discussed problems concerning disarmament, regional conflicts, and human rights, and their bilateral relations. Specific results were:

—It was arranged that President Mitterrand will visit the USSR on 25 and 26 November, and in return Gorbachev will visit France in the first half of next year.

—France supports the USSR in holding an international conference on human rights in Moscow in 1991; while the USSR supports France in holding an international conference in Paris on prohibiting the use and manufacture of chemical weapons.

—Both sides agreed to establish cultural centers in each others respective capitals. A spokesman for the Soviet delegation said that this "reflects the new political thinking of the USSR." France was especially happy to be able to establish a center for Western culture in Moscow.

Due to the political and geographical situations of France and the USSR, and their foreign policies, observers regard these discussions as a symbol of the further development of talks and cooperation between East and West Europe following the thaw in East-West relations. If we say that the first talks between the leaders of the GDR and the FRG last year were the beginning of talks between East and West, then the mutual recognition of the EEC and CEMA in June this year should be regarded as an action that opened the door to talks between East and West. Honecker, leader of the GDR, visited Paris early this year. Last month, French Foreign Minister Dumas visited Czechoslovakia. This visit again aroused wide attention. Dumas told reporters recently that France is "revising" its relations with East European countries, and is prepared to develop exchanges and cooperation with these countries. The press here said that this is another "Eastern policy." It is reported that the USSR will receive government heads of Austria, Italy, and the FRG before Mitterrand arrives in Moscow. This undoubtedly reflects Soviet intentions in its West European policy.

Disarmament was again the major topic of the Franco-Soviet talks, because this topic is very difficult to solve, and it directly affects the security of everyone in Europe. The French leader favored the recent proposal of Gorbachev to reduce conventional weapons, and abandoned his standpoint of "secure storage" of chemical weapons. He also sent a direct message to the USSR, saying that France "will not cause any hindrance" on the issue of human rights. The flexible Soviet attitude on human rights and its nonopposition to the discussion of defensive aircraft make people think that the USSR is now more flexible. The Soviet foreign minister said in a press conference that France and the USSR have "an identical analysis" of the solutions to the conflicts in the Middle East and Cambodia. Optimistic commentators here think that the new Soviet attitudes on disarmament and human rights may add new vigor to the extended session of the Conference on Security and Cooperation in Europe. Bilateral contacts and talks between East and West European countries have, seen objectively, reconciled the relations between East and West and created an atmosphere of detente in Europe.

Since Gorbachev's rise to power, he has emphasized starting talks with France. French leaders have also actively coordinated with this intention. In a certain sense, Franco-Soviet relations can be regarded as a mirror reflecting the present and future situations of East-West European relations. This shows that after years of tension and confrontation, European countries wish to have an environment of peace and security. For this reason, they hope to expand the talks and cooperation between East and West European countries. The Western press describes this as "an inevitable trend."

Li Peng Meets Outgoing, New Foreign Envoys
OW1810135288 Beijing XINHUA in English
1305 GMT 18 Oct 88

[Text] Beijing, October 18 (XINHUA)—Chinese Premier Li Peng met out-going and new ambassadors to China here today.

The out-going ambassadors are Ausseil Pierre (of Niger), Juan Manuel Aguirre Vascones (of Ecuador), Hussein Abdulkhalek al-Galal (of the Yemen Arab Republic), Zbigniew Dembowski (of Poland) and Paulo da Costa Franco (of Brazil).

The new diplomatic envoys are Chu Chang-chun, ambassador of the Democratic People's Republic of Korea, and Roy D. Morey, resident coordinator of the United Nations System Operational Activities for Development (UNSOAD).

Li spoke highly of the work of the five out-going ambassadors for promoting friendship and cooperation between China and their own respective countries. Li said he hoped they will continue to make contributions to such friendship and cooperation.

He also expressed welcome to the new Korean ambassador and the UNSOAD resident coordinator.

He assured the ambassadors that China will continue to implement the independent foreign policy of peace. "China hopes to maintain and expand friendship and cooperation with all other countries on the basis of the five principles of peaceful co-existence," he said.

XINHUA on 'Black Monday' Anniversary
OW1910091488 Beijing XINHUA in English
0634 GMT 19 Oct 88

["Feature: Economists Brush Aside One-Year Anniversary of 'Black Monday' (by Li Zongyang)"]—XINHUA headline]

[Text] London, October 19 (XINHUA)—One year ago to the day, a total of one trillion dollars were wiped off the collective investors' paper wealth in the five continents during the hectic crash on "Black Monday."

One year later, everyone in the market expected to leave the fearful anniversary behind as quickly as possible. However, most of the markets have managed to go half way back from their "Black Monday" depths.

"October has had a bad reputation because of the 1929 and 1987 crashes. People are waiting for the anniversary to pass," Martin Gordon, a director of S. G. Warburg Securities, one of the largest security houses in London, told XINHUA.

The London stock market ended the year quietly on Tuesday [18 October], with the FT-SE [Financial Times-Stock Exchange] index of 100 leading British stocks falling three points at 1,857.0 points.

The market was down 19.3 percent from the eve of "Black Monday" at 2,302.1 points, but already had gained 18.6 percent from the after-crash low at 1,565.2 on November 9.

Stock brokers remember with lingering fear that on that fateful Monday, the index collapsed amid the chaos and confusion of unanswered telephones. It fell by a sizeable 249.8 points in eight hours, a decline of 10.9 percent.

Ian Harwood, director of British Equities Division of Warburg Securities, told XINHUA that "what happened after the crash was that everybody brought money home."

But when money was out again, the market saw a change in investment behavior, as people have refused to take much for granted.

"People become very much pessimistic about bad news around the corner," Harwood said.

"Institutions would like to have more liquidity and do business by a new cash flow. Individuals transfer their money to the building community, and companies offer cash to take over other companies, rather than invest in their own shares," as Harwood described the picture of the market.

Feeling embarrassed by the anniversary of the stock market crash, surprised share traders learned again the basic insecurity of earning a living on a volatile market. They were then relieved that "Black Monday" did not usher in a 1930s-style great depression.

About 20,000 people on Wall Street and 2,250 in the city of London lost their jobs in the post-crash shakeup. However, only one person died, and he was shot by a client in Florida as the killer lost all his money during the Monday crash.

A stock broker said if most of the problems confronting the world economy have not gone away, they are being successfully checked.

Since markets are still taking a more cautious view, businessmen around the world are pretty confident after the wave, the worldwide monetary policy has been loosening up so soon after the crash.

"You shouldn't believe the market as a good predictor of the future," Gordon said, refuting the view that the market crash sent a signal for a recession.

"During last year, corporations are producing higher profits and giving higher dividends around the world. The dividend levels are more stable and less vulnerable now than they were a year ago," Gordon added.

Earlier this year, the OECD (the Organization for Economic Cooperation and Development) predicted a more-than-two-percent increase in the world economy in 1988.

But the latest estimates from the IMF (International Monetary Fund) show that the growth would be twice as much.

"The world economy didn't collapse as pessimists thought. It was a good thing that we did have a cooling down and a correction last year," Harwood said.

He said, that in this year after the crash, his company has had many opportunities to do a large volume in interest business.

"You cannot rely on old ways to make money. You have to think of more effective ways," he said.

The London stock market chairman, Nicholas Goodison, warned on the eve of the anniversary of "Black Monday" that "basic problems are still there."

Other economists also said there was still some danger as they noted it took time for the stock market crash of 1929 to turn into a slump.

But Gordon of the Warburg Securities believed, "You could have a second leg of the crash, but chances are reducing all the time. Now a year after the crash, the chances have become very small."

As far as the general economic situation is concerned, Harwood predicted that the world economy would only "have a soft landing next year," with the U.S. dollar being the major source of instability.

Gordon, an optimist in London's financial circles, concluded that "November is what we are waiting for".

United States

Fang Lizhi Says Permission Refused for Visit
HK1910092688 Hong Kong HONGKONG STANDARD in English 19 Oct 88 p 6

[By Tammy Tam, recently in Beijing, and Chan Wai-fong in Hong Kong]

[Text] China's leading dissident, Professor Fang Lizhi, will continue to apply for official permission to go abroad although authorities have barred him from going to the United States to attend a scientific conference later this year.

In a telephone interview with the STANDARD, Professor Fang said yesterday that he would not give up the chance to apply for several overseas trips next year.

His application for a planned visit to the United States in December was turned down by the Chinese Academy of Sciences, his work unit, earlier this month.

Professor Fang said the reason his application was rejected was difficult to say. Asked whether he was optimistic on whether his other applications would be approved, he stressed it was not only determined by "his speech and behaviour of his personal activities", but also by the "political environment".

The scientist refused to elaborate on the "political environment" he was referring to, but only said he would await the academy's decision on his other applications.

An outspoken astrophysicist, Professor Fang said he had protested against the academy's decision. But authorities have not responded.

Professor Fang said he had been invited by the Joint Institute for Laboratory Astrophysics in Colorado, the Department of Astronomy and Department of Physics of Berkeley University and the Leek Observatory at the University of California in Santa Cruz.

Response to invitations from Pakistan, Italy, Poland were scheduled for next year.

In a recent interview with the STANDARD in his Beijing apartment, Professor Fang said he did not know why there were news reports about him being attacked by top Chinese leaders for "spreading rumours discrediting the Communist leadership".

"I don't know where this news came from and I haven't received any criticism from the officials. The only indications of their dissatisfaction to my speech might be reflected by their efforts to persuade me to cancel my planned visit to the United States this winter," Professor Fang said.

But he stressed that he would keep his own way.

"They always predict I certainly will say this and that.

"I am only viewing my own opinions although they may contradict those of the officials. The leaders themselves are changing too. The Third Plenary Session of the 13th Central Committee is a good example," Professor Fang said.

"Not long ago, the leaders stressed to carry on the price reforms no matter how big the difficulty would be, but now they have changed their proposal to improvement of the economic environment."

Professor Fang said the conference has three good points.

"Firstly, the leaders have realised that the problem of irrational prices should be solved. Secondly, unreasonable distribution of social wealth should be reformed, and thirdly, corruption must be really attacked.

"But only raising the problems without giving a specific solution to solve them is also a weak point of the conference.

"They raised the problem to the people without telling them how to tackle them. In a word, the government still lacks glasnost and many people, including me, were quite disappointed by this."

Professor Fang further pointed out several problems remain unresolved at the conference.

"We still lack a supervisory body like Hong Kong's Independent Commission Against Corruption (ICAC) to prevent corruption. At the same time, there are no economic laws in China.

"Many people complain the Chinese economy is a central planned one. In my opinion, such an economy sometimes even enjoys a much freer environment. The government does not ask the people to pay tax today, and may be exempted tomorrow. Many people are taking advantage of this lawless environment, which is a warmbed for corruption."

Chen Muhua Meets With U.S. Oil Delegation
OW1910051088 Beijing XINHUA in English
1215 GMT 18 Oct 88

[Text] Beijing, October 1 (XINHUA)—Chen Muhua, vice chairman of the Standing Committee of the National People's Congress met with A.C. Decrane, Jr, chairman of Texaco Inc of the United States, and his party here this afternoon.

The two sides discussed issues concerning cooperation on exploitation of oil in the South China Sea and exchanged views on the impact of oil price fluctuations on the world oil market and oil development.

The U.S. visitors arrived here Sunday at the invitation of the China National Oil and Gas Corporation.

Banks To Issue U.S. Travellers Checks
OW1910032888 Beijing XINHUA in English
1311 GMT 18 Oct 88

[Text] Beijing, October 18 (XINHUA)—Two Chinese banks will issue BankAmerica Worldmoney travellers cheques to both Chinese citizens and foreigners next year in China, banking officials said here today.

The agreements for the cooperation were signed by the Industrial and Commercial Bank of China and the Agricultural Bank of China with the BankAmerica Cheque Corporation early this month in San Francisco.

An official of the Industrial and Commercial Bank said, "We plan to sell the travellers cheques first in eight major Chinese cities—Beijing, Dalian, Guangzhou, Qingdao, Shanghai, Shenzhen, Xiamen, and Zhuhai—and then other cities such as Fuzhou and Tianjin."

The Bank of America will dispatch staff members to train Chinese in charge of the sales, he added.

An official from the Agricultural Bank said his bank made a successful trial sale in Guangzhou before the signing of the agreement. It will expand the business next year.

The Industrial and Commercial Bank serves China's burgeoning business sector with a network of 24,000 branches and offices, while the Agricultural Bank serves China's rural financial sector, with over 37,000 locations throughout the country.

Apart from the Worldmoney travelers cheques, the Chinese banks also accept and sell a dozen other types of travelers cheques issued by the United States, Japan, and Western European countries.

Issued for more than 60 years, Worldmoney travelers cheques are sold and accepted in more than 160 countries.

In addition, the Chinese banks also issue American Express, Mastercard, Visa card, Diners Club card, JCB card, Million card, and Federal card.

Officials Attend Beijing Opening of U.S. Drama
OW1910051688 Beijing XINHUA in English
1231 GMT 18 Oct 88

[Text] Beijing, October 18 (XINHUA)—The premiere of the American drama "Mutiny" was warmly welcomed here this evening by an audience of more than 1,000.

The drama, adapted from the novel "The Caine Mutiny" by American writer Herman Wouk, was staged by the Beijing People's Art Theater and directed by the Oscar-winning motion picture star Charlton Heston.

Attending the premiere were Minister of Culture Yang Meng, U.S. Ambassador to China Winston Lord and his wife Bette Bao Lord, writer Herman Wouk, Los Angeles film producer James Doolittle, and Vice-Mayor of Beijing Zhang Jianmin, as well as public figures from local cultural and art circles.

The leading male role in the drama is played by Zhu Xu, who also played the part of the aged Pu Yi in the TV series "The Last Emperor".

Charlton Heston highly praised his Chinese colleagues.

Zhao Ziyang Meets Canadian Bank Chairman
OW1810124788 Beijing XINHUA in English
1224 GMT 18 Oct 88

[Text] Beijing, October 18 (XINHUA)—Zhao Ziyang, general secretary of the Chinese Communist Party Central Committee, met Allan R. Taylor, chairman and chief executive officer of the Royal Bank of Canada, and his party here today.

Zhao spoke highly of the bank's cooperation with China's financial circles over the past three decades and more. He said he was delighted by the fact that the bank, the biggest commercial bank in Canada, has just opened a representative office in Shanghai. "There are many more fields for our cooperation," Zhao added.

Taylor said his bank has established three representative offices in China, which have been operating smoothly. He said he hoped for expanding cooperation with China.

Briefing the visitors on China's domestic situation, Zhao said China will concentrate on improving its economic environment and rectifying its economic order in the next two years. "This does not mean that there are some changes in the policy of reform and opening to the outside world. Instead, this is aimed at creating more favorable conditions for reform and opening-up," he added.

The improved economic environment will better serve China's economic cooperation with other countries, Zhao said. He told the visitors that the reform of banks is an important aspect of China's economic structural reform as a whole.

Earlier today, Li Guixian, Chinese state councillor and governor of the People's Bank of China, also met the Canadian visitors.

Joint Film Venture With Canada on Qin Emperor
OW1810133988 Beijing XINHUA in English
1036 GMT 18 Oct 88

[Text] Xian, October 18 (XINHUA)—China and Canada have started to shoot a movie on a joint venture on the first emperor of the Qin Dynasty in Xian, Shaanxi Province.

Directed by Tony Ianzio and Liu Haoxue, the movie will show the life story of Ying Zheng, the first emperor in China's history (B.C. 259-210), and the terra-cotta warriors unearthed near the tomb site of the emperor.

It will be shot in Imax film introduced from Canada which has an exceedingly wide screen.

This is the first time for Canada to employ the film in shooting a feature movie and it is expected to be finished next January.

Soviet Union

Soviet Scholars Discuss Socialism's Contradiction
HK1810153188 Beijing QIUSHI in Chinese
No 7, 1 Oct 88, p 44

[Article by Xing Han (5281 3352) from China Academy of Social Sciences: "Soviet Theoretical Circle's New Understanding of the Basic Contradiction of Socialism"]

[Text] Recently, the Soviet theoretical circle held a symposium on the basic contradiction of socialism. At the symposium, a lot of well-known scholars expounded their new understandings of this question. Generally speaking, this symposium can be described as follows: First, the symposium summed up several major views that have been expressed by personages of the Soviet theoretical circle on the question of the basic contradiction of socialism over the past few decades; second, the symposium broke with the conventions and put forward some new thoughts in conjunction with the Soviet practice of building socialism, studied the question of the basic contradiction of socialism, put forward a special criterion for determining the basic contradiction of socialism, and laid stress on the role played by man.

1. Generally speaking, at present, with regard to the question of the basic contradiction of socialism, within the Soviet theoretical circle, there are the following three major views:

The exponents of the first view hold that the contradiction between the growing demand of laborers and the actual level attained by the development of the material production is the basic contradiction of socialism.

The exponents of the the second view, which is supported by the majority of the Soviet scholars, holds that the contradiction between the development of productive forces and the relations of production or the contradiction between the form and contents of the socialist mode of production under the modern conditions is the basic contradiction of socialism.

The exponents of the third view hold that the contradiction between the aim of the communist formation and the conditions for realizing the aim of the communist formation is the basic contradiction of socialism.

The common characteristic of these three views is that all exponents of these views have analyzed the question of the basic contradiction of socialism from the economic point of view by proceeding from the general political concepts.

2. At the symposium, the personages of the Soviet theoretical circle put forward a "special criterion" for determining the basic contradiction of socialism.

An important characteristic of the symposium is that on the basis of summing up and analyzing all the previous discussions carried out by the Soviet theoretical circle with regard to the question of the basic contradiction of socialism, some Soviet scholars put forward a special criterion for determining the basic contradiction of socialism. The main contents of this special criterion for determining the basic contradiction of socialism are: 1) The basic contradiction of socialism is circumscribed by the general line guiding social development; 2) the basic contradiction of socialism is organically related to the basic law of the social development; 3) the basic contradiction of socialism can represent and embrace all the other contradictions inherent in the society and can directly or indirectly determine all the basic questions in the society; and 4) stress must be laid on giving full scope to man's ability in the society when determining the basic contradiction of socialism. This is because the development of every sphere of social life depends on the full development of man's ability in the society. Ignoring this factor will make it impossible for people to fully understand the question of the basic contradiction of socialism.

3. At the symposium, the personages of the Soviet theoretical circle also put forward some "new thoughts" regarding the question of the basic contradiction of socialism.

On the basis of the special criterion for determining the basic contradiction of socialism, the personages of the Soviet theoretical circle put forward the following new view regarding the question of the basic contradiction of socialism: The contradiction between the comprehensive development of man and the means guaranteeing the comprehensive development of man or the contradiction between the comprehensive development of man's social needs and the actual level attained by the comprehensive

development of man's social needs is the basic contradiction of socialism. This is because: 1) Under modern conditions, when determining the basic contradiction of socialism, it is necessary to take into account the ever-expanding role played by the "principal" factor. Under socialist conditions, the basic contradiction is found in man's activities and in the relations between man's activities and social needs; 2) one of the important tasks of the on-going reform is to carry out the transformation of society and the consciousness of the individuals. While carrying out the transformation of the consciousness of the individuals, it is necessary to give full scope to man's ability. Without giving full scope to man's ability, it would be impossible for people to perfect socialism and observe the basic principles of socialism. In this sense, in the entire course of building communism there will always exist the contradiction between the growing demand on giving full scope to the ability of laborers, which is put forward by the social development, on the one hand and the lack of prerequisites for giving full scope to the ability of laborers in all spheres of the social life on the other. This contradiction is the basic contradiction that exists at all stages of the development of the formation of communism.

The Soviet scholars believe that studying the question of the basic contradiction of socialism is a difficult and complex task. The debate on this question will continue.

Gorbachev's New Peace Proposals Examined
OW1810234688 Beijing BEIJING REVIEW
in English 10-16 Oct 88 p 10

[Article by Duan Pin: "Gorbachev in the Limelight Again"]

[Text] [Editor's note] Soviet leader Mikhail Gorbachev recently proposed a seven-point package on the security of the Asian-Pacific region and the relations between the Soviet Union and countries in the region. [end editor's note]

Since Mikhail Gorbachev assumed office as general secretary of the Communist Party of the Soviet Union in 1985, the Soviet foreign policy seems to be on the offensive with one overture after another. The statement made by Gorbachev on September 16 in Krasnoyarsk, a Soviet southeastern Siberian city, was yet another major move that attracted widespread attention. This was the second time that Gorbachev chose to deliver a speech in a Siberian city aimed at improving relations between his country and the Asian-Pacific region. The previous one was in Vladivostok on July 28, 1986.

According to official Soviet TASS news agency, Gorbachev advanced seven proposals entitled "Strengthening Security in the Asian-Pacific Region." They are as follows:

—The Soviet Union will not increase its nuclear stockpile in the region and will call on the United States and other nuclear powers to follow suit;

—The Soviet Union will consult with major naval powers in the region not to expand their forces, thus lowering the risk of military confrontation in regions where the coasts of the Soviet Union, China, Japan, the Democratic People's Republic of Korea and South Korea converge;

—The Soviet Union will also consult with other powers to freeze and commensurately lower the levels of air force activity;

—If the United States agrees to eliminate its military bases in the Philippines; the Soviet Union will give up its fleet's material and technical supply station in Cam Ranh Bay in Vietnam;

—The Soviets will participate in discussions on preventing incidents in the open sea and the air above it, in order to guarantee the safety of sea lanes and communications in the region;

—The Soviets will advocate an international conference not later than 1990 on making the Indian Ocean a zone of peace;

—And, a mechanism will be created to negotiate the proposals of the Soviet Union and other nations dealing with the security of the Asian-Pacific region.

As a regional power, China naturally received special attention in Gorbachev's speech. He said his country stands for the full normalization of regions with China and is ready to start preparations without delay for a Soviet-Chinese summit meeting. He also said that the Soviet Union favours development of Soviet-Chinese relations "up to a level adequate to meet our two countries' responsibility for a peaceful world policy."

In regard to August talks on the Kampuchea problem held between the countries' deputy foreign ministers in Beijing, he said they had "expanded, in a certain way, the zone of mutual understanding on this issue and contributed to improving Soviet-Chinese relations."

Gorbachev also expressed a desire for Soviet-Japanese relations to develop normally, but he did not mention the main block: Soviet occupation of four Japanese islands. He also expressed his uneasiness concerning Japan's expansion of military strength.

The Soviet leader outlined the Soviet's new stand towards economic relations between his country and the Asian-Pacific region. He said that enterprises and co-operatives in the Soviet Far East and Siberia may be allowed to directly conduct foreign trade, develop social welfare and import consumer goods. A special zone of joint ventures may also be set up in the Soviet Far East

that will enjoy preferences of tax exemptions and access to resources, he said. Specifically, economic cooperation among the Soviet Union, China and Japan is to be strengthened on the basis of mutual benefit, he said.

In response to the Soviet offer, a Chinese Foreign Ministry spokesman commented on September 22 that the most important task at present is "to eliminate existing conflicts and hot spots such as the Kampuchean question."

The spokesman, Jin Guihua, said China has noticed the Soviet willingness expressed by Gorbachev to promote an earlier settlement of the Kampuchea question. "We hope that the Soviet Union will make practical efforts for this purpose," he said.

Jin said conditions set for the meeting of top leaders of the two countries include the Soviet Union's insistence that Vietnam withdraw all its troops from Kampuchea. If conditions are met by the Soviet Union, the spokesman added, the potential summit meeting will be put on the agenda.

Article Examines CPSU Politburo Reshuffle
OW1910011088 Beijing BEIJING REVIEW
in English 17-23 Oct 88 p 10

[Article by Wan Chengcai: "Politburo 'Cleans House'"]

[Text] [Editor's note] Recent changes in top Soviet leadership are seen by political analysts as a crucial move in implementing the reform programme initiated by Mikhail Gorbachev. [end editor's note]

The biggest personnel change in top Soviet leadership in three years took place at a hastily arranged plenum of the Central Committee of the Communist Party of the Soviet Union (CPSU) and a special session of the Supreme Soviet, the country's parliament, held respectively on September 30 and October 1. The ageing Andrey Gromyko "decided to resign" and was relieved of his Politburo membership. The post of president of the Presidium of the Supreme Soviet, which he has held since 1985, was transferred to Mikhail Gorbachev, currently general secretary of the CPSU. Four other top leaders were also sacked from their posts, while five were promoted into the Politburo or Secretariat of the CPSU. Some government members were readjusted accordingly.

Vadim Medvedev, newly promoted Politburo member, stressed at a press conference that the personnel change was a major step aimed at implementing the policy of perestroika (restructuring) and realizing resolutions adopted by the Central Committee of the CPSU. It showed the Party's commitment to reforms and determination to carry out the resolutions, he said.

World opinion generally believes that this personnel change will help enhance the reform programme that is under way in the Soviet Union because strong reform proponents assumed key posts in the CPSU and government departments. However, they were surprised at the abruptness of the change. On September 28 when the decision to hold the special plenum to reorganize the top leadership was announced, Politburo member and Foreign Minister Eduard Shevardnadze was in New York attending the United Nations General Assembly. Alternate member of the Politburo and Defence Minister Dmitry Yazov and Chief of Staff of the Soviet Armed Forces Sergey Akhromyev were visiting India and Sweden respectively. They were summoned to return home hurriedly.

The seemingly abrupt reorganization is in fact a natural result of the debate around reforms that has been going on for quite a long time in the Soviet Union. According to the official TASS news agency, some people openly called for the resignation of Andrey Gromyko and Mikhail Solomentsev at the 19th national Conference of the CPSU held in late June, protesting that they actively carried out the stagnation policy of the Leonid Brezhnev era in the past.

After the conference, heated discussions over a series of issues, such as the evaluation of history, the speed and scale of reforms and foreign policy, continued both within and outside CPSU. On September 23 Gorbachev openly admitted that his country is entering the most difficult moment since the reform programme was introduced. He said the conservatives had formed an alliance with radicals and that the reforms need a new generation of leaders.

The new shake-up reduced the number of Politburo members from 13 to 12 and the average age from 66.5 to 62.3. Of the Brezhnev-era Politburo members, only Gorbachev and Vladimir Shcherbitskiy remained. The 18 other Politburo and Secretariat members were elected after Brezhnev died.

Yegor Ligachev, second man within the CPSU who used to preside over the Secretariat, responsible for cadre and ideological work, is going to concentrate his energy on the thorny problem of agriculture.

General Secretary Gorbachev concurrently assumed office as the Soviet head of state. He pledged to do the utmost to strengthen the power of the Supreme Soviet. The resolution of the 19th CPSU Conference states that he will have the power to decide on key questions concerning internal, external and defence issues.

The personnel change, though greatly facilitating the reforms, will not eliminate all the problems in the road of reforms. As Gorbachev warned before the session; it is unwise to make people expect miracles.

Northeast Asia

Japanese Business Delegation Visits 16 Oct

Meets With Wu Xueqian

OW1810154888 Tokyo KYODO in English
1454 GMT 18 Oct 88

[Text] Beijing, Oct 18 KYODO—Vice Premier Wu Xueqian suggested Tuesday [18 October] that foreign investors in China will face a severe climate next year due to the Government's continued fight against inflation.

Conferring with a visiting Japanese business mission, Wu said China will restrict next year's investments in fixed assets to three-quarters of this year's expected level, mission members said.

He was also quoted as saying the growth of industrial output will be held down to around 10 percent in 1989, they said.

Wu said China will continue economic reform, step up introduction of foreign capital and improve the nation's investment climate.

But he stressed Beijing's resolve to restore economic order disrupted by too fast economic expansion, a supply-demand imbalance and subsequent acceleration of inflation, the mission officials said.

The mission, led by Kisaburo Ikeda, executive director at the Federation of Economic Organizations (Keidanren), arrived here Sunday for a 10-day first-hand look at China's investment environment.

Reassured by Li Peng

OW1910101688 Beijing XINHUA in English
0926 GMT 19 Oct 88

[Text] Beijing, October 19 (XINHUA)—Chinese Premier Li Peng said here today that the contracts China has signed with foreign partners on Sino-foreign joint ventures and cooperative projects and governmental loans will continue to be carried out.

The stress in cutting down the number of capital construction projects in China is laid on reducing those non-production and overlapping projects, he added.

The Chinese premier made these remarks at a meeting with Kisaburo Ikeura, president of the Industrial Bank of Japan Ltd who is leading a delegation on a study tour of China's investment environment.

Li Peng said China would avoid repeating projects in signing new contracts on joint venture projects, such as projects on producing T.V. sets, refrigerators and washing machines, but for those export-oriented projects are welcome.

Ikeura expressed his hope that China would continue to improve its investment environment such as legal system and power supply so as to draw more foreign investment.

The 86-member delegation will also tour Tianjin, Dalian and Shanghai, and see the situation in Sino-Japanese joint venture and contractual cooperative enterprises.

Li Peng gave a luncheon in honor of Ikeura at the end of the meeting.

Liu Xilin Meets Japanese Prefectural Delegation
SK1510013888 Changchun Jilin Provincial Service
in Mandarin 2200 GMT 13 Oct 88

[Text] On the evening of 13 October at Nanhu Guesthouse, Liu Xilin, vice provincial governor, met with an (? economic) delegation from Japan's Miyagi Prefecture, headed by (Miurate), director of the prefectural General Service Department.

The five-member delegation visited our province at the invitation of the foreign affairs office under the provincial people's government.

Mr (Miurate) guided a delegation to visit our province to hold talks with our province on developing the relationship between the province and the prefecture.

Vice Governor Liu Xilin said: Based on previous friendship relations, the province and the prefecture will be able to reach agreements through the contact this time.

Li Jieche, chairman of the provincial Foreign Affairs Office; and Bi Kebin, president of the provincial Association for Friendship With Foreign Countries, were present at the meeting.

Zhou Gucheng, Japanese Goodwill Delegation Talk
OW1610021438 Beijing XINHUA in English
1310 GMT 15 Oct 88

[Text] Beijing, October 15 (XINHUA)—Zhou Gucheng, vice-chairman of the Chinese National People's Congress Standing Committee, met with a Japanese goodwill mission at the Great Hall of the People here this afternoon.

The delegation, in the name Japan-China Joint Mission for Friendship and Peace, arrived here yesterday as guests of the All-China Youth Federation.

Trade Union Leader, Japanese Visitor Confer
OW1710222788 Beijing XINHUA in English
1516 GMT 17 Oct 88

[Text] Beijing, October 17 (XINHUA)—Ni Zhifu, chairman of the All-China Federation of Trade Unions, met with Tateyama Toshifumi, president of the Japanese private sector trade union confederation, here today.

Southeast Asia & Pacific

Article Comments on SRV Troop Withdrawal Delay
HK1910031688 Beijing RENMIN RIBAO
in Chinese 18 Oct p 6

[Article by Shi Zongxing (0670 1350 2502): "Creating Excuses for Delaying Troop Withdrawal"]

[Text] The Cambodian issue became a focus of attention in the international community during the current UN General Assembly session. Representatives from many countries stressed that the key to resolving the Cambodian issue justly and reasonably is that Vietnam must immediately and unconditionally withdraw all its aggressive troops from Cambodia. However, Vietnamese Vice Foreign Affairs Minister Tran Quang Co, who was attending the session, wantonly contradicted world public opinion by asserting that a "political settlement of the Cambodian issue should guarantee the legitimate rights of the Cambodian people, and, most importantly, prevent genocide." The remark of this Vietnamese representative shows that the Vietnamese authorities are creating excuses for a troop withdrawal delay and are stubbornly sticking to their position that "preventing" the "return of the Khmer Rouge to power" is the prerequisite for Vietnamese troop withdrawal from Cambodia.

On the one hand, the Vietnamese authorities keep sending troops to Cambodia to continue slaughtering the Cambodian people; and on the other, they are talking about "guaranteeing" the "legitimate rights" of the Cambodian people. This is ridiculous. For a country and its people, the most essential "legitimate rights" are, undoubtedly, state sovereignty and territorial integrity. Therefore, to guarantee the legitimate rights of the Cambodian people, first of all Vietnam must withdraw its troops from Cambodia as quickly as possible and allow the Cambodian people to resolve their own problems without any foreign intervention. There will be no such thing as "legitimate rights" for the Cambodian people as long as Vietnamese troops remain in Cambodia.

The Vietnamese authorities have three motives in using the international platform to spread their ideas.

First, trying to cover up the aggressive and counteraggressive natures of the Cambodian war, Vietnam has attempted to make the Cambodian war a "civil war" and the Cambodian issue an "internal issue," in the hope of shirking its main responsibility for the settlement of the Cambodian issue.

Second, Vietnam has been trying achieve its aim, which it has failed to do so for the last 10 years—that is, to eliminate the "Khmer Rouge" by means of the latter's previous mistakes; and by using other people who are worried about the recurrence of such mistakes.

Third, which is the most vital point, Vietnam has been trying to create excuses for its longstanding invasion of Cambodia. According to Vietnam's logic, Vietnam has reasons to hang on in Cambodia so long as the "Khmer Rouge" is not eliminated.

It is under this pretext that Vietnam has not acted on its repeated promise for a "troop withdrawal." Malaysian Prime Minister Mahathir revealed several days ago that there are still over 120,000 Vietnamese troops stationed in Cambodia. Thai Foreign Affairs Minister Sitthi pointed out that Vietnam has not put into effect its promise for withdrawing 50,000 troops from Cambodia. Singapore Foreign Affairs Minister Wong Kan Seng also said that Vietnam does not have the intention of withdrawing its troops from Cambodia and that it is only playing tricks to gain some advantage. A host of facts obtained from the Cambodian battlefields also proves that Vietnam is perpetrating something indecent in Cambodia under the smoke screen of withdrawing 50,000 troops from the country. On the one hand, it is delivering a large amount of weapons to Phnom Penh puppet soldiers and is either changing the uniforms of Vietnamese troops in Cambodia with the uniforms of puppet soldiers or turning Vietnamese troops into "militiamen," all aimed at reinforcing the strength of puppet soldiers. On the other hand, Vietnam is speeding up the process of "Vietnamization." It is using the agreement on "transit without visa" signed with the puppet regime to emigrate a large number of people to Cambodia, to appoint Vietnamese officials in the puppet regime, and to reinforce the puppet regime's pro-Vietnam organs so as to make organizational preparations for its prolonged control over Cambodia. What is more serious is that Vietnam has not stopped dispatching combat troops to Cambodia, only the way they are dispatched is more concealed. On the sea, old soldiers and new recruits are dispatched to Cambodian ports in fishing boats disguised as fishermen.

On land, it sends troops to Cambodia at night through highways No 1, 7, and 19. These reinforcement soldiers are sent in plain clothes. Upon arrival in camps, they change into uniform and are put into action or training. Some Vietnamese soldiers are even wearing the uniform of the resistance forces to do evil in Cambodian villages in an attempt to disrupt cooperation between the resistance forces and the local people and to weaken the strength of the resistance forces.

Facts have proven that Vietnam is making an empty promise to withdraw from Cambodia and is befuddling world opinion. As a result of its aggressive war against Cambodia for the last 10 years, Vietnam's economy has collapsed, its national strength has withered, and its people are living in dire poverty. There is no hope for Vietnam to win, and it is extremely isolated in the world. It is trying to extricate itself from the predicament but is unwilling to abandon what it is gaining from its aggressive war against Cambodia. Therefore it is playing tricks and resorting to deception. This deceptive act, becoming

a more serious issue at the current UN General Assembly session, has further revealed the weak, stubborn, and aggressive nature of the Vietnamese authorities.

Commentary on Cambodian National Reconciliation
BK1910042488 Beijing in Cambodian to Cambodia
1030 GMT 18 Oct 88

[Station commentary: "Following the Withdrawal of Vietnamese Troops From Cambodia, How Can National Reconciliation in Cambodia Be Achieved?"]

[Text] The current Cambodian problem has become the focus of attention of the international community. To solve this problem, first of all, Vietnam should pull out all its forces from Cambodia. After this Vietnamese troop pullout, how should Cambodia's internal problems be solved?

For the Cambodian people, who have gone through suffering of the nearly 10-year-old war, people ardently wish that, following the Vietnamese troop pullout, peace can be restored soon in Cambodia. In order to restore peace, it is better to pay attention to the current and real political situation in Cambodia. Currently, there are four political forces in Cambodia: the parties of Samdech Sihanouk, Son Sann, Democratic Kampuchea, and Heng Samrin. A realistic way which can be implemented is the dissolution of the Phnom Penh puppet regime and the state of Democratic Kampuchea at the same time, and, afterward, the setting up of a coalition government headed by Samdech Sihanouk by these four parties which altogether are in control of the state authorities. Letting any one party be in power or excluding any one party are not favorable solutions to achieving peace in Cambodia.

In the international arena, some people are concerned that, following the Vietnamese troop pullout, the Khmer Rouge will again return to power. What should the view be on this issue? This concern is reasonable. However, what is more dangerous and clear is the prospect of Heng Samrin and Hun Sen being in power by themselves. Comparing the strength of all warring forces, in terms of number of troops and weapons, the Heng Samrin-Hun Sen forces are the biggest and most powerful. China and the international community will not agree with the Khmer Rouge party being in power alone but also certainly will not agree to let the Heng Samrin-Hun Sen group rule alone either. Otherwise, it is tantamount to recognizing Vietnam's act of aggression against Cambodia as a fait accompli. It seems that the setting up of quadripartite coalition government is the realistic way which can be implemented to solve problems in Cambodia.

What is the position of the Vietnamese and Heng Samrin authorities on this issue? The Vietnamese and Heng Samrin authorities refuse to set up a quadripartite coalition government headed by Samdech Sihanouk. They

repeatedly reject the proposal of Samdech Sihanouk and the CGDK [Coalition Government of Democratic Kampuchea] on dissolving the Phnom Penh puppet regime and the state of Democratic Kampuchea at the same time. They keep on saying that the current military and political situation is irreversible. The truth is that they want to set up a government with the Heng Samrin-Hun Sen group playing a major role with other groups playing only minor roles and to legitimize the Phnom Penh puppet authorities. Furthermore, they have rejected the proposal on deploying peacekeeping forces in Cambodia and international control and supervision.

All this shows that Vietnam and Heng Samrin are not sincere in solving the Cambodian problem politically. The international community will continue to keep pressure on Vietnam to force it to withdraw all its forces from Cambodia soon and agree to solve the Cambodian problem justly and reasonably.

Near East & South Asia

PLA Deputy Chief Ends Pakistan Visit 18 Oct
OW1910022588 Beijing XINHUA in English
0132 GMT 19 Oct 88

[Text] Islamabad, October 18 (XINHUA)—Major General He Qizong, deputy chief of general staff of the Chinese People's Liberation Army (PLA), left Karachi after a five-day friendly visit to Pakistan.

He was warmly seen off at the Karachi Airport by Pakistan General Aslam Beg, chief of the Army staff and other senior officers.

During his visit, he called on Pakistani Acting President Ghulam Ishaq Khan who conferred on him a Nishan-e-Imtiaz (flag medal, first class) in recognition of his contribution to the Pakistani-China friendship and cooperation.

He also visited some local corps headquarters, some army units and watched their military performance and exercises.

Both sides hoped the two countries to develop and deepen their relations and cooperation in defence and many other fields.

'No Possibility' of Pakistan-Afghanistan War
OW1910051588 Beijing XINHUA in English
1154 GMT 18 Oct 88

["No Possibility of War Between Pakistan, Afghanistan in Near Future, Says Pakistan Senior Official"—XINHUA headline]

[Text] Islamabad, October 18 (XINHUA)—A Pakistan senior official has said that there is no possibility of war between Pakistan and Afghanistan in the near future due to the former's "maximum restraint" in the face of Kabul's grave provocations.

Amir Gulistan Janjua, governor of the Northwest Frontier Province (NWFP), in an exclusive interview published by the official "PAKISTAN TIMES" today said that "there are little chances of war between Pakistan and Afghanistan and the credit goes to Pakistan."

He said that Pakistan has been exercising maximum restraint in the face of grave provocations by Kabul rulers and urged them to reciprocate in a similar manner in the interest of peace in the region and prosperity of the people.

"Pakistan was provoked to wage war," he said. "Fire was opened against us. War planes were used time and again for bombardment on Pakistani territory. Tanks, mortars, and small weapons were used against Pakistan. People were martyred. Heavy loss of the life and damage to property was caused."

Despite all the provocative actions taken by the Kabul regime, Pakistan demonstrated patience and is reluctant to retaliate, he further said, adding that "Pakistan stuck to defensive policy to prevent the situation from escalation."

In a reply to Afghan refugees, numbering over three million in Pakistan, Janjua said that he is optimistic about the conditions in future to pave the way for return of Afghan refugees to their motherland with full honor and security.

Sub-Saharan Africa

Angolan President Departs for China Visit
OW1710220088 Beijing XINHUA in English
1525 GMT 17 Oct 88

[Text] Luanda, October 17 (XINHUA)—President of the People's Republic of Angola Jose Eduardo dos Santos left here today for visits to Tanzania, China, the Soviet Union and Czechoslovakia.

He will pay an official and goodwill visit to China from October 20 to 24 at the invitation of Chinese President Yang Shangkun. Prior to this he will visit Tanzania.

During the visit, President Santos will be accompanied by Foreign Minister Afonso Van Dunem, Transport and Telecommunications Minister Carlos Antonio Fernandes, Trade Minister Domingo das Chagas Rangel and Minister for Foreign Relations of the MPLA-PT Party Central Committee Sebastiao Izata.

Seeing him off at the airport were leading members of the Angolan ruling party and government as well as Charge d'Affaires ad Interim of the Chinese Embassy Jiang Yuande and other embassies' officials of the countries concerned.

President Santos is the first Angolan president ever visiting China after the establishment of diplomatic relations between the two countries in 1983. The visit is an important event in the history of the China-Angola relations.

While accepting the letter of credentials from the new Chinese Ambassador to Angola Hu Lipeng on September 8 this year, the president expressed satisfaction with the development of the Angola-China relations and hoped to further develop the relations of friendship and economic cooperation between the two countries and two peoples.

According to a communique issued by the Angolan Foreign Ministry, President Santos will visit the Soviet Union and Czechoslovakia after his China visit.

Lu Xujian Attends PRC-Mali Handover Ceremony
OW1910004288 Beijing XINHUA in English
0809 GMT 18 Oct 88

[Text] Bamako, October 17 (XINHUA)—An official handing-over ceremony of the diplomatic communication center of Mali, constructed with Chinese aid, took place here today in the presence of Chinese Vice Minister of Economic and Commercial Relations with Foreign Countries, Lu Xujian, and Malian Foreign Minister Modibo Keita.

Acclaiming that bilateral relations between the two countries are based on principles of equality and mutual interest, the Malian minister described the center as an effective instrument for improving its foreign services, and the quality of its information circulation.

Chinese Vice Minister Lu Xujian expressed the conviction that this center not only improves the means of Mali's communication, but it also promotes the friendly ties between the Malian Government and that of other countries the world over.

The two governments reportedly signed the minutes of a meeting held on January 13, 1981, relating to Chinese aid in building the center for diplomatic communication at the request of Mali.

Meets Mali President

OW1910090988 Beijing XINHUA in English
0711 GMT 19 Oct 88

[Text] Bamako, October 18 (XINHUA)—Malian President Moussa Traore has called for a reinforcing of the friendship and cooperation between the peoples of Mali and China.

Traore met here today with visiting Chinese Vice Minister Lu Xujian, head of the Chinese Government's economic delegation, who came to Mali especially to attend the official opening ceremony of a diplomatic communication center built with Chinese aid and to preside over a seminar on Sino-African co-management.

Expressing thanks for the Chinese help in building the center symbolizing friendship and cooperation between the two countries, Traore described the project as a Sino-Malian contribution to international cooperation.

Lu passed on best wishes from the Chinese leaders, notably Chairman of the Central Commission of the Military Affairs, Deng Xiaoping, and General Secretary of the Central Committee of the Chinese Communist Party, Zhao Zhiyang.

Technical Cooperation Accord Signed With Kenya
OW1910053788 Beijing XINHUA in English
0031 GMT 19 Oct 88

[Text] Nairobi, October 18 (XINHUA)—China and Kenya signed a 15-year technical cooperation agreement here today on completing the construction of the Moi International Sports Centre in the suburbs of Nairobi.

The Kenyan permanent secretary for culture and social services, Mr. B.N. Macharia and Chinese economic counsellor Mr Guo Yongsui signed the agreement on behalf of the their respective governments.

Mr Macharia said Kenyan President Daniel arap Moi had acquired more loans from China during his recent state visit, that will be spent on the completion of the sports centre.

The permanent secretary said Kenya was greatly involved in sports and noted that when the complex is fully completed, it will serve Kenyans with more abundant sports facilities.

He commended the Kenyan teams that took part in the Seoul Olympic Games for their good performance of winning five gold medals.

He noted that Kenya became the first country on the whole African Continent and 13th position overall in the countries that participated in the Olympics.

Mr Guo Yongsui said relations between the two countries were cordial and hoped that the same will grow from strength to strength for the benefit of the two peoples.

He said that his country was looking forward to more socio-economic cooperation with Kenya and assured the permanent secretary of any possible assistance.

A Chinese-aided 60,000-seat stadium was completed last year at the center. At present, a 5,000-seat gymnasium and a swimming pool are under construction there with Chinese financial assistance.

Liberian Goodwill Mission Leaves for Visit
OW1910055188 Beijing XINHUA in English
0101 GMT 19 Oct 88

[Text] Monrovia, October 18 (XINHUA)—A Liberian delegation headed by Senator Mrs Ruth Perry left here today for a ten-day "goodwill" visit to China at the invitation of the Chinese Association for International Understanding.

The purpose of the visit is to help promote the Sino-Liberian relations and enhance mutual understanding between the peoples of the two countries.

During the visit, the delegation will meet with members of the Chinese National People's Congress to exchange views on "matters of common interest."

West Europe

Vice Premier Yao Expects More FRG Cooperation
HK1910011588 Beijing RENMIN RIBAO
in Chinese 13 Oct 88 p 6

[Report by Jiang Jianguo (3068 1696 0948): "Yao Yilin Makes an Important Speech in West Germany on China's Current Economic Reform and Investment Environment"]

[Text] Bonn, 12 Oct—At a meeting sponsored by the FRG Orient Economic Commission this morning, Chinese Vice Premier Yao Yilin said that China's economy has developed in close coordination with its structural reform. The fulfillment of future economic targets will still rely on the impetus of reform.

In a speech entitled "China's Reform, Opening Up to the World, and Economic Development," Vice Premier Yao Yilin said that China has now entered the period of overall and profound economic reform and the period of price and wage reforms. The current price and wage reforms are being carried out according to the objective requirements of China's economic development and are also a significant symbol indicating a rapid change in China's economic operational mechanism. The orientation of price reform is this: The state will exercise management over the prices of a small number of important commodities and labor services while relaxing control over the prices of most commodities and allowing them to be regulated by the market mechanism, thus changing the price formation mechanism. China will spend about 5 years in initially straightening out price relationships. In other words, it will resolve irrational prices that have a serious impact on economic development and market growth.

Price reform has an important bearing on the overall economic situation and involves millions of households, Vice Premier Yao pointed out, adding that it is a very complicated and difficult socioeconomic engineering

process. There is certain difficulty in instituting price and wage reforms in China today while the country is facing inflation. We are sober-minded in improving the economic environment, rectifying the economic order, resolutely controlling inflation, and deepening overall reform to ensure the smooth carrying out of price and wage reforms.

On the issue of opening up to the world, Vice Premier Yao Yilin said that China's eastern coastal areas have become multi-tier and multi-type zones open to the outside world. Early this year China decided that the coastal areas should greatly develop an export-oriented economy and take an active part in international competition and exchange. This strategy is promoting and will continue to promote the development of economic and technological exchanges between China and foreign countries. In 1987 China's imports totaled \$82.7 billion, its loans amounted to \$26 billion, foreign investments in China reached \$8.9 billion, and over 10,000 foreign-invested enterprises were set up. Over the last few years we have strengthened our work in formulating laws and regulations involving foreign investments and have also made efforts to improve the investment environment. Taken as a whole, China already has a comparatively good investment environment. We hope that more foreign entrepreneurs will make investments in China.

Vice Premier Yao Yilin remarked that China does not have the problem of being unable to repay foreign debts. In the future we will decide the scale of foreign debts to borrow according to our repayment ability and the ability to bring about coordination in all parts of the country.

In conclusion, Vice Premier Yao pointed out that economic and trade relations between China and the FRG have developed speedily. China hopes that the FRG Government as well as people in industrial, commercial, and financial circles will take a more positive attitude and practical measures to promote this friendly cooperation.

Otto Welff Amtrongen, chairman of the FRG Orient Economic Commission, said at the meeting that China has registered great economic development over the last 10 years as a result of reform. People in economic circles in the FRG will continue to make efforts to assist China's development process. The increase in China's exports to the FRG suggests that the competitiveness of its commodities in the international market has improved. This is also the result of the common efforts made by both sides.

He said: The EEC internal common market that will take shape in 1992 will be the biggest industrialized internal market in the world. FRG economic circles will absolutely not close their door to foreign countries because of the emergence of this market, but will instead form closer cooperation with countries outside the EEC, including China.

The meeting was held in the FRG industrial building in Cologne. About 200 persons from FRG economic circles attended the meeting. Apart from making a speech, Vice Premier Yao Yilin also answered their questions.

Finnish President Pleased With Results of Visit
OW1910085388 Beijing XINHUA in English
0655 GMT 19 Oct 88

[Text] Helsinki, October 18 (XINHUA)—Finnish President Mauno Koivisto said today in Helsinki that his week-long China visit was a complete success.

On his arrival late tonight from Beijing, the president said he is satisfied with the results he achieved during the visit.

He told Chinese Charge d'Affaires Du Zhongying, who greeted the president at the airport, that he is sure that China's economic reforms will be successful, although the country is now encountering difficulties.

Koivisto visited China between October 11 and 17 at the invitation of Chinese President Yang Shangkun. He is the first Finnish president to visit China since 1950, when the two countries established formal relations.

Communications Bank Signs French Agreement
OW1810231788 Beijing XINHUA in English
1550 GMT 18 Oct 88

[Text] Shanghai, October 18 (XINHUA)—The Bank of Communications of China signed here today a 100-million-franc buyer's credit agreement with the Societe Generale, a leading French bank.

An official of the Shanghai-based Bank of Communications said that this is part of his bank's efforts to raise foreign funds through various channels.

Earlier this year, the bank's Shanghai branch signed a five-year buyer's credit agreement worth 30 million Swiss francs with the Banque Generale of Belgium.

The branch will also sign similar agreements with two Italian banks later this year.

According to the official, all the funds from the buyer's credit agreements will be used for the import of technology and upgrading of textile and automobile tyre industries in Shanghai.

Amity Association President Meets British Guests
OW1810231588 Beijing XINHUA in English
1555 GMT 18 Oct 88

[Text] Beijing, October 18 (XINHUA)—Zhang Wenjin, president of the Chinese People's Association for Friendship With Foreign Countries, met and hosted a banquet for Han Suyin, British writer, and Graham Greene, president of the Great Britain-China Center, here tonight.

The British visitors are here as guests of the Chinese friendship association.

East Europe

RENMIN RIBAO on Deng, Ceausescu Meeting
HK1910025588 Beijing RENMIN RIBAO
in Chinese 18 Oct 88 p 1

[Dispatch by Zhou Xiangguang (0719 6272 0342) and Liu Shuiming (0491 3055 2494): "Deng Xiaoping Meets Ceausescu, Says Sino-Soviet Summit May Take Place Next Year"]

[Text] Beijing, 17 Oct—"A Sino-Soviet summit meeting may take place next year." Deng Xiaoping, chairman of the Central Military Commission, said this when he met Nicolae Ceausescu, general secretary of the Romanian Communist Party and president of the Socialist Republic of Romania, at the Diaoyutai State Guesthouse this morning.

Deng Xiaoping told Ceausescu that the letter he carried to Gorbachev 3 years ago seemed to have produced results.

Ceausescu said: "I visited Moscow last week. Gorbachev asked me to convey his regards to you."

Deng Xiaoping also asked Ceausescu to convey his regards to Gorbachev by telephone. He said that when he meets Gorbachev, they will not get tangled in historical issues [bu zhun bei jiu chan li shi 0008 0402 0271 4763 4961 2980 0670].

Deng Xiaoping said with deep feeling that he and Ceausescu have "three old relationships," namely, "old comrades, old comrades-in-arms, and old friends."

At 1100, when President Ceausescu and his wife Elena Ceausescu arrived at the meeting hall, Deng Xiaoping, in a light-colored Zhongshan suit and with a ruddy complexion, stepped forward to greet Ceausescu. They exchanged greetings and hugged each other warmly for a long time.

Ceausescu said that he was very glad once again to meet Chairman Deng today. Relations between the two parties and the two countries are very good.

At the meeting, Deng Xiaoping briefed Ceausescu on China's domestic situation. He said that our general conditions are good. Through 10 years' efforts, the principles and policies laid down by the 3d Plenary Session of the 11th CPC Central Committee have been proved correct. We reassessed the international situation 10 years ago and worked out our domestic and foreign policies. Our foreign policy is to oppose hegemonism and safeguard world peace and is aimed at winning a peaceful international environment. In accordance with this conclusion, we decided to shift our domestic policy to concentrating on the four modernizations. Deng Xiaoping added: We have scored gratifying achievements over the past decade, but problems have also appeared in the course of development. One of the problems is that our speed has been too fast. So we convened another Third Plenary Session of the party Central Committee to control the speed of development and rectify the economic order. We will strengthen management, and strive to eradicate all corrupt phenomena.

Ceausescu congratulated China on her major successes in the course of development. He said that Romania's productive forces have now reached a rather high level, and the Romanian Communist Party decided at its 13th national congress to further the intensive development of the national economy, with priority being given to the improvement of product quality and the enhancement of the scientific and technological level.

Deng Xiaoping said: The development of socialism should take various forms in light of the realities in one's own country, and development strategy and realistic policies can only be formulated according to the specific conditions in one's own country. Between our socialist countries, we may take each other's experience for reference, but we must not copy the model of the other country. Successful experiences, or lessons from failures, should be summed up or drawn by each country itself.

After the meeting, Deng Xiaoping, full of zest, accompanied Ceausescu in walking several hundred meters to Yangyuanzai in the warm autumn sun. There, he gave a luncheon in honor of Ceausescu and other Romanian guests. Hu Qili, member of the Standing Committee of the CPC Central Committee's Political Bureau, was present at the meeting and the luncheon.

Further Reportage on Yao Yilin in CSSR

Briefed by President Husak

OW1810171988 Beijing XINHUA in English
1653 GMT 18 Oct 88

[Text] Prague, October 18 (XINHUA)—Czechoslovak President Gustav Husak and Chinese Vice Premier Yao Yilin agreed here today that political relations between the two countries are completely normalized and economic relations developing well.

The two leaders briefed each other on economic restructuring in their countries.

Husak described Yao's visit as very successful, saying that "it will promote the development of friendship and cooperation between the two countries."

Ends 6-Day Visit

OW1910081288 Beijing XINHUA in English
0740 GMT 19 Oct 88

[Text] Prague, October 18 (XINHUA)—Chinese Vice Premier Yao Yilin ended a six-day visit to Czechoslovakia and left for home today.

During his visit, Yao held separate discussions with Czechoslovak Party General Secretary Milos Jakes, President Gustav Husak and new Premier Ladislav Adamec.

Yao and First Deputy Premier Bohumil Urban also discussed economic and trade relations and both agreed to consult over a Sino-Czechoslovak trade protocol for 1989.

Yao also visited the Republic of Slovakia, several factories and agricultural complexes.

Qiao Shi Visits German Democratic Republic

Talks With Politburo Members

OW1710071388 Beijing XINHUA Domestic Service
in Chinese 0752 GMT 16 Oct 88

[By RENMIN RIBAO reporter Xu Hongzhi and XINHUA reporter Wang Defeng]

[Text] Berlin, 15 Oct (XINHUA)—Qiao Shi, member of the the Political Bureau Standing Committee and the Secretariat of the CPC Central Committee, and Hermann Axen, member of the Politburo and Secretariat of the SED [Socialist Unity Party] Central Committee, held formal talks here today. The two leaders expressed satisfaction with the new development of friendly and cooperative relations between the two parties and countries over the past several years. They both pointed out that from now on, contacts and exchanges between the two parties should be extensively and persistently strengthened in a planned and systematic way and with a realistic approach.

Qiao Shi briefed Axen on China's ongoing economic reforms and the reform of its political system and on the recent 3d Plenary Session of the 13th CPC Central Committee. Axen briefed Qiao Shi on Democratic Germany's success in persistently implementing the principle of "integrating economic policy with social welfare," mastering and developing high technology, carrying out extensive production, ensuring steady development of its national economy, and improving the life of its people.

On international issues, both leaders agreed that a tendency toward detente has appeared in the international situation. However, the tasks of maintaining peace, ending the arms race, totally prohibiting the manufacture of nuclear weapons, and destroying them are still very arduous.

On a Sino-Soviet summit, Qiao Shi said: China first put forward a proposal for such a summit, and the Chinese side wishes that this will be realized as early as possible. The prerequisite for such a meeting is that the Soviet Union makes Vietnam withdraw its troops from Cambodia as quickly as possible. When this problem is solved, the meeting will be realized. He hoped that the Soviet Union will take still bigger steps to speed up the normalization of Sino-Soviet relations.

In the afternoon, Qiao Shi also held talks with Dohlus, member of the Politburo and Secretariat of the SED Central Committee, during which they exchanged views on how to strengthen party building under current conditions.

Briefs Egon Krenz

OW1810045888 Beijing XINHUA in English
0240 GMT 18 Oct 88

[Text] Berlin, October 17 (XINHUA)—Senior Chinese and Democratic German party leaders here today exchanged views on how to develop socialist democracy and how to perfect the socialist law system.

Qiao Shi, a member of the Chinese Communist Party Central Committee Politburo Standing Committee, briefed German Socialist Unity Party Politburo member Egon Krenz on the progress made by the Chinese Communist Party in perfecting the socialist legal system.

Krenz described the position of his party on socialist law.

Before their meeting, Qiao visited the major industrial city of Magdeburg in the western part of Democratic Germany, and held talks with Werner Eberlein, first secretary of party committee in Magdeburg.

Qiao began his visit to Democratic Germany on October 14 at the invitation of the Democratic German party after ending his five-day official visit to Hungary.

Meets Erich Honecker

OW1910044888 Beijing XINHUA in English
0203 GMT 19 Oct 88

[Text] Berlin, October 18 (XINHUA)—Erich Honecker, general secretary of German Socialist Unity Party, today held talks with visiting Chinese Politburo member Qiao Shi.

Honecker told Qiao that Democratic Germany, like other socialist countries, is building socialism according to its own specific circumstances.

He briefed Qiao on Berlin's implementing its policy of economic development to improve people's lives, adding that the emphasis on the utility of scientific technology to increase production is the primary reason for the steady growth of the German economy.

Qiao told Honecker that China will take five years to deepen its reform. The main task over the next two years is to improve the economic environment and rectify the economic order to guarantee the smooth progress of the reform in the future, he said.

On Sino-Soviet relations, Qiao said a possible Sino-Soviet summit depends on the results of an exchange of visits between the Chinese and Soviet foreign ministers.

He said the normalization of Sino-Soviet relations does not mean the restoration of the special relationship that the two countries enjoyed during the 1950s.

Qiao ended his visit to Democratic Germany tonight and has left here for Poland.

Qiao will arrive in Warsaw this evening for a four-day visit at the invitation of the Polish United Workers' Party.

GDR Minister Visits for Environmental Discussions

Meets With Tian Jiyun

LD1410090688 East Berlin ADN International
Service in German 1445 GMT 13 Oct 88

[Text] Beijing, [No date as received] (ADN)—Tian Jiyun, member of the CPC Central Committee Politburo and vice premier of the PRC State Council, received Dr Hans Reichelt, deputy chairman of the GDR Council of Ministers and minister of environmental protection and water management, and the delegation headed by him for a talk in Beijing on Thursday [13 October]. During the friendly and open meeting the two sides agreed that cooperation has developed very positively in numerous spheres in line with the agreements reached by the general secretaries of the SED [Socialist Unity Party] and CPC Central Committees, Erich Honecker and Zhao Ziyang. In the view of the two politicians, water economy, environmental protection, and meteorology should be increasingly included in this development since they are of great importance to further shaping socialist society in the two countries and to their participation in the solution of global tasks. Dr Hans Reichelt outlined the results and experiences of the GDR in the rational utilization of natural resources, their preservation and protection, as well as in the implementation of the rational use of water and the continuously improving protection of water resources.

Tian Jiyun outlined the projects tackled in the shaping of environmental protection and in the solution of tasks related to the water economy. In particular important

contributions have been made, by means of measures for flood protection and agricultural irrigation, toward the protection of the population, avoiding major economic damage and raising and stabilizing harvest yields.

Afterwards, in the presence of Tian Jiyun, Dr Hans Reichelt and Yang Zhenhuai, PRC minister of water resources and electric power, signed an agreement on cooperation in the sphere of the water economy. It relates mainly to scientific-technical cooperation in the management of water resources, in the protection of ground and surface water against pollution, in new solutions for the rational use of water, in flood protection, and in new hydraulic engineering technologies.

The same day talks took place in Beijing with the minister of the Construction Industry, with the head of the State Office for Environmental Protection, and with specialists in flood protection.

Talks With Li Peng

OW1410195388 Beijing XINHUA in English
1454 GMT 14 Oct 88

[Text] Beijing, October 14 (XINHUA)—Chinese Premier Li Peng met with a water resources delegation and a State Planning Commission delegation from the German Democratic Republic here today.

The two delegations, led by Hans Reichelt, deputy chairman of the Council of Ministers and minister for environmental protection and water resources, and Harald Rost, vice-chairman of the State Planning Commission, respectively, arrived here October 7 at the invitation of China's Ministry of Water Resources and the State Planning Commission.

During the meeting, Li briefed the guests on China's construction of water conservancy, saying that the development of China's agriculture is closely connected with the water conservancy construction.

Reichelt said that his country is willing to cooperate with China in environmental protection and water conservancy construction.

Li Peng said that there exist good relations between China and Democratic Germany. "We believe that the bilateral relations will surely be brought to a new height due to the efforts of both sides," he said.

Li said, though the two countries are different in their own conditions, they are both socialist countries and can share experiences in many fields.

Attending the meeting were Yang Zhenhuai, minister of water resources and Liu Zhongyi, vice-minister of the State Planning Commission.

Rui Xingwen Fetes GDR Propaganda Delegation
OW1410202188 Beijing XINHUA in English
1307 GMT 14 Oct 88

[Text] Beijing, October 14 (XINHUA)—Rui Xingwen, member of the Secretariat of the Chinese Communist Party (CPC) Central Committee, met here today with a Democratic German delegation.

Rui briefed the visitors led by Klaus Gabler, member of the Central Committee and head of the Central Propaganda Department of the Socialist Unity Party of Germany, on the recent CPC Central Committee session's analysis of the domestic situation and its relevant policies and measures and tasks for its propaganda work.

Rui Xingwen gave a banquet in honor of the visitors after the meeting.

Wang Renzhi, head of the Propaganda Department of the CPC Central Committee, this afternoon briefed the visitors on the CPC's propaganda work.

The delegation arrived here today and will go on a tour of the Sichuan and Guangdong Provinces in southern China.

'News Analysis' on Polish Government's Prospects

OW1610122688 Beijing XINHUA in English
0651 GMT 16 Oct 88

["News Analysis: Obstacles Facing Rakowski's New Government (by Wen Youren)"]—XINHUA headline]

[Text] Warsaw, October 15 (XINHUA)—Confronting the new Polish Government is an accumulation of years of unresolved problems which must be overcome if the country is to succeed in its economic and political reforms.

The government, now headed by Mieczyslaw Rakowski, must first restore the deteriorating Polish economy, which has been hard hit by the failure of a price-income policy, a dramatic reform initiated early this year.

During the policy's first six months, prices rose by 53 percent and incomes by 62 percent, well in excess of the original targets of 34 percent for prices and 36 percent for incomes. Subsequent resentment and waves of strikes led to the resignation of Premier Zbigniew Messner's government late last month.

When Rakowski's new government was approved by the Polish Sejm (parliament) October 14, he promised to stop this soaring inflation and to put an end to serious shortages of supplies. However, continuing to carry out economic reforms, including price reforms, despite widespread opposition, and the further development of production to improve people's lives will be no easy task.

Apart from its economic obstacles, the Rakowski government is also faced with meeting the goal of expanding democracy and political reform, both of which are indispensable for the success of the economic reform.

The new government already is reaching out to attract the extensive, active participation of people of different social stratas, and the premier says he will enlarge the social bases of his cabinet and form a coalition government with representatives of other political parties.

Of the 21 cabinet members he has named so far, two belong to the Peasants' Party, two to the Democratic Party, and two are independents. Ten cabinet members were nominated for the first time.

Rakowski has also reserved four posts for the "constructive opposition," but those he nominated have refused to accept, and this has prevented the new government from enjoying the credibility of a far wider political representation.

Nevertheless, Rakowski said the cabinet door will remain open to members of other social groups who, he hopes, will take part in the government as national reconciliation progresses, and in light of the round-table meeting scheduled this month between the government and the opposition.

However, even if the new government does win this wider political representation, it still faces the problem of getting people of different social strata to be more understanding of the problems of political and economic reforms.

The Rakowski government still has a long, hard way to go.

'News Analysis' on Yugoslav Party Plenum
OW1710225088 Beijing XINHUA in English
1638 GMT 17 Oct 88

["News Analysis: A Crucial Plenum With Arduous Tasks (by Jing Wuwu and Xu Kunming)"]—XINHUA headline]

[Text] Belgrade, October 17 (XINHUA)—The 17th plenary session of the League of Communists of Yugoslavia (LCY) opening today is likely to be dominated by personnel changes in the party leadership and an attempt to find a solution to the country's worst political and economic crisis in 40 years.

The crucial plenum, being held when Yugoslavia's political and economic situation is increasingly deteriorating, is believed to be of great significance to the fate of the country.

Since early 1980s, Yugoslavia has been plagued by its flagging economy, which has sparked a drastic inflation and the worst labor unrest in decades.

In the past few years, the Yugoslav authorities have taken a series of measures to check inflation and promote production. But this year has seen a worse political and economic crisis than last year, despite the renewal of political, economic and party reforms after the LCY Central Committee met in May.

The federal government estimated recently that the 1988 output value of industry and agriculture will be reduced by 0.6 and 5 percent respectively.

The inflation rate rose by 217 percent in September as compared with the same period last year, surpassing by far the planned 90-95 percent.

Yugoslavia's economic debacles have set off the price rise and left living standards down, leading to a drastic social unrest.

Ethnic disputes in the Serbian Republic and Kosovo Autonomous Province have also contributed to Yugoslavia's unsteady situation. Kosovo has been a hotbed of ethnic tension since 1981 when Albanians staged nationalist riots in the area. Over 30,000 Serbs and Montenegrins have fled Kosovo since then, claiming they have been harassed and persecuted by ethnic Albanians who outnumber Serbs and other Slavs eight to one.

Ethnic Albanians' hostile activities sparked large-scale Serbian and Montenegrin protest rallies and demonstrations calling for a settlement of ethnic issues in the southern province.

Protesters sharply criticized leaders of some provinces and even demanded that the federal government resign.

It is notable that there have been deep differences among the Yugoslav leadership in backing or banning such demonstrations. Some officials are against protests for fear of more conflicts between different nationalities.

The situation has in return deteriorated Yugoslavia's economic crisis.

Vasil Tupurkovski, member of the party's 23-member policy-making Presidium, regarded the LCY as "one of the sources" of Yugoslav problems, saying many communist officials were responsible for the "deteriorating economic and political situation."

It was reported that a confidence vote will be taken by secret ballot at the plenum on each of the Presidium members and that whoever fails to get two-thirds of the votes will be sacked.

Tupurkovski was quoted as saying that if all Presidium members fail to get needed votes, they all must resign.

According to local newspapers, the Yugoslav people hope that the plenum will strengthen the unity of the party and take emergency actions in carrying out political, economic and party reforms and shaking off the country's economic crisis.

Latin America & Caribbean

NPC Delegation Continues Visit to Uruguay

Honored by Vice President

*OW1910030088 Beijing XINHUA in English
0706 GMT 18 Oct 88*

[Text] Montevideo, October 17 (XINHUA)—The Vice President of Uruguay and President of the General Assembly Enrique Tarigo, today met with and gave a cocktail in honor of a delegation of the National People's Congress (NPC) of China.

The Chinese group is headed by Bainqen Erdini Goigyi Gyaincain, vice president of the Standing Committee of the NPC.

During the meeting Tarigo said Uruguay was pleased with the establishment of relations with China in February. Uruguay and China both subscribe to the foreign policy of self-determination, noninterference in others' internal affairs, and mutual respect, he said.

The Bainqen Lama said that as a result of the delegation's visit, friendly relations between China and Uruguay would develop further. He invited Tarigo to visit China at his convenience.

Meet Uruguayan Congressmen

*OW1910030888 Beijing XINHUA in English
0135 GMT 19 Oct 88*

[Text] Montevideo, October 18 (XINHUA)—A delegation from China's National People's Congress met here with members of the Uruguayan Congress Foreign Affairs Commission in the Senate on Monday [17 October].

"We have just formalized our diplomatic relations, and I am sure that in the future there will be increased cooperation in the fields of politics, economy, culture, science and technology for the basic interests of the two

peoples," Bainqen Erdini Qoigyi Gyaincain, leader of the delegation and also vice president of China's National People's Congress, told the Uruguayan congressmen.

"China and Uruguay are working for world peace and cooperation. We are united by identical or similar criteria about numerous problems in our aim to seek a new international economic order," he added.

The president of the Uruguayan Congress Foreign Affairs Commission, Carminillo Mederos, said his country believes that understanding and the promotion of closer ties with China was one of the main objectives of the new stage of the country's political evolution.

"Nothing can impede our relations as both our peoples want to work for peace," he said, adding that "the government, the parliament and the people of Uruguay are happy to have established relations with you, and we will do our best to strengthen them and obtain mutual benefits."

The Bainqen Lama also told the Uruguayan Congress members that the forthcoming visit to China of their president, Julio Sanguinetti, "will weigh significantly in promoting friendship and cooperation between the two countries."

PLA Official, Argentine Defense Minister Meet

*OW1910054688 Beijing XINHUA in English
0257 GMT 19 Oct 88*

[Text] Buenos Aires, October 18 (XINHUA)—Argentine Defense Minister Jose Horacio Jaunarena met here today with the military delegation of the People's Liberation Army of China, headed by Deputy Chief of General Staff Xu Huizi.

The Chinese military mission arrived here Monday [17 October] on a seven-day visit at the invitation of the head of the Joint Chiefs of Staff of the Argentine Armed Forces, Brigadier General Teodoro G. Waldner.

Xu Huizi met separately with Waldner and the chiefs of staff of the Army, Navy and Air Force this morning.

Xu Huizi and his entourage will visit military schools, defense factories in Buenos Aires and in the province of Cordoba, the military base in Puerto Belgrano and other military installations.

Dissident Fang Lizhi Likens Mao to Stalin
HK1910094888 Hong Kong AFP in English
0836 GMT 19 Oct 88

[By Pierre-Antoine Donnet]

[Text] Beijing, Oct 19 (AFP)—China will probably have to wait for senior leader Deng Xiaoping, 84, to die before launching a full-scale attack against Mao Zedong, well-known dissident Fang Lizhi has said.

"What Mao did is about the same as what Stalin did," the outspoken astrophysicist said in an interview with AGENCE FRANCE-PRESSE, likening the Chinese revolutionary leader to the iron-fisted Soviet dictator.

But as long as members of China's old guard remain in power, Mr. Fang said, it will be difficult to erase vestiges of Mao in China with the same vigor that the Soviet Union has attacked Stalin.

"Why? Because to criticize Mao is equal to criticizing themselves," said Mr. Fang, 52, who has regularly spoken out on the condition of Chinese intellectuals in the era of Mr. Deng's liberal economic reforms.

The Chinese still respect Mao for his role in fighting the Japanese in World War Two before founding the People's Republic in 1949. But Mao also led disastrous political movements, notably the Cultural Revolution (1966-1976) and the Great Leap Forward (1958-1962).

Under Mr. Deng's instigation, the Chinese leadership began to re-evaluate Mao's legacy shortly after his death in 1976. Since then it has accused the Great Helmsman of making "serious errors" toward the end of his life.

The official verdict on Mao's work still remains largely positive, and Mao Zedong thought is still one of the four basic cornerstones of Chinese ideology alongside Marxism-Leninism, the supremacy of the Communist Party and the "people's democratic dictatorship."

"I don't think there will be a big step (taken in criticizing Mao) during this generation" in power, Mr. Fang said. But eradicating the memory of Mao is merely a question of time, he added.

The portrait of Mao that adorns the gate of the Forbidden City will one day be removed, and perhaps China's next generation of leaders will even destroy the mausoleum where Mao's embalmed remains lie in Tiananmen Square, he said.

Soviet leader Mikhail Gorbachev has mounted a virulent campaign against Stalin in the last few months, with the press and intellectuals accusing Stalin of crimes against the people and failures in the economic and social spheres. China has yet to go so far against Mao.

"Gorbachev is much ahead of Deng," said Mr. Fang, noting that Soviet reforms are ideological and political while China is content to pursue economic reforms.

Mr. Fang, whom adversaries and admirers alike call "China's Andrei Sakharov," said he would like to meet the Soviet physician and Nobel Peace Prize laureate "to exchange ideas on how to achieve progress in our countries."

"He has done something for his country. I want to do the same thing for my own country," Mr. Fang said. "I think it is our duty to speak," he said, adding that more and more young Chinese are daring to speak out now.

Mr. Fang was sacked from the Communist Party and relieved of his duties at the National University of Science and Technology in early 1986 at the behest of Mr. Deng for his role during a wave of student demonstrations for greater democracy that spread across China in December 1986.

Mr. Fang has been allowed to travel abroad since the summer of 1987.

But he said the Academy of Sciences recently withdrew his permission to go to the United States in December because of statements he made last month in Hong Kong, including one claiming that many sons of top cadres maintained foreign bank accounts.

Atom Smasher Completed, Begins Operations
OW1910125688 Beijing XINHUA in English
1224 GMT 19 Oct 88

["Atom Smasher" Goes into Operation in Beijing—XINHUA headline]

[Text] Beijing, October 19 (XINHUA)—A tremendous mass of photons and electrons, two basic particles traveling at the speed of light (about 300,000 kps) collided at an underground laboratory here last Sunday [16 October] morning, and the great energy released is expected to help Chinese nuclear physicists study physical phenomena and elementary particles of matter never seen before.

"The completion of the Beijing electron-positron collider (BEPC) is one of the most important advances in Chinese science in recent years," said Professor Zhou Guangzhao, president of the Chinese Academy of Sciences (CAS) and head of the project, when he disclosed this momentous scientific event to XINHUA today.

The BEPC, a huge machine located in a six-meter-deep tunnel at CAS' Institute of High Energy, has a power of 2.2-gev (billion-electron-volt), making China the fourth country in the world with such a facility. The other three countries are the United States, Switzerland and Japan.

The complex housing the electron collider is composed of a linear accelerator 200 meters in length, a 240-meter perimeter storage ring, a 400-ton detector, a synchrotron radiation laboratory and a computer center. Its purpose is to explore the fundamental structure of matter.

"This super-laboratory is first of all used to study the movement and interaction of the tiniest particles, such as 'quark' and 'charm' particles, which are the fundamental building-blocks of the atom," Professor Zhou said.

When electrons and photons travel at high speed in the storage ring they emit a strong light called synchrotron radiation, according to Professor Zhou.

As a national laboratory, the BEPC will be open to users from universities and other institutions in China, and, "scientists from overseas are also welcome to do research here," Zhou said.

"Since high-energy accelerator and high energy detector facilities involve sophisticated high-tech engineering, the construction of the BEPC has greatly promoted China's high technology development," he pointed out.

In the construction of the collider, Chinese scientists have not only introduced many advanced types of technology from abroad, they have also made their own contributions to collider technology. National scientific laboratories in the United States and Brazil are purchasing key collider equipment developed and manufactured by Chinese scientists and engineers. In addition, some other countries are negotiating with China for the same purpose.

However, Zhou admitted that further efforts have to be made in order to perform advanced experiments and to apply synchrotron radiation.

The Chinese Government gave strong support for the building of this 240-million-yuan collider. The late Chinese Premier Zhou Enlai gave it the go-ahead in 1975, the last document he signed before his death.

The construction of the BEPC started in October 1984 and Chinese leader Deng Xiaoping attended the groundbreaking ceremony.

Commentator Urges Strengthening Party Discipline
HK1810151288 Beijing JINGJI RIBAO in Chinese
29 Sep 88 p 1

[Commentator's article: "Strengthen Party Discipline and Uphold the Greater Interest of Reforms"]

[Text] Ours is a party of consensus and of concerted action. The reason we have been able to overcome countless difficulties and score one victory after another throughout our history was due to the single-mindedness

and consensus within the party, and to the fact that departments subordinated themselves to the overall interest and the entire party obeyed the Central Committee. Today, as we step up the pace of reforms and construction, accelerate the transition from an old to a new economic system, and speed up the establishment of a new socialist commodity economic structure, it appears to be particularly important that we play up our strong points in politics, strengthen party leadership, observe party regulations and laws, and uphold the overall interest. These are not only the fundamental conditions necessary to improve our economic environment and rectify our economic order, they are also the basic guarantees for the intensification of comprehensive reforms, including price and wage reforms.

At a recent Central Work Conference it was pointed out that the focus of reforms and construction work in the next 2 years will lie in improving the economic environment, rectifying the economic order, and deepening reforms. While numerous problems will definitely crop up in the course of accomplishing this task, we do have several aces up our sleeves. A prominent problem at the moment is the comparative laxity of discipline within the ranks of our party and state cadres. There is also a lack of unanimity in action. For instance, while the central authority has repeatedly called for cutbacks in capital projects which the state can ill afford, such projects continue to mushroom annually. While the central authority has repeatedly sought to curb the rapidly growing purchasing power of social entities, this has continued to rise drastically. While the central authority repeatedly tried to ban party and state organs from engaging in business, there are more and more such institutions going into business. The situation reveals the need for us to stress compliance with the law and to underline the severity and supremacy of party and state regulations.

It is not accidental that such phenomenon of disciplinary laxity should appear in the course of implementing reforms. There are profound economic reasons behind this. Along with the development of a commodity economy and the deepening of political and economic structural reforms, the individual interests of all localities, departments, and units rise to prominence, while the trend towards polarization of social interests also grows increasingly strong. This situation is understandable and it is natural that party organizations in these localities, departments, and units should seek to uphold the interests of their respective areas. On the other hand the party Central Committee should take, and indeed has taken, these interests and demands into full consideration. However, while the protection of individual interest should be emphasized, the first question that must be resolved by party organizations at all levels is: Whose interest should be given priority?

The CPC faithfully represents the interests of the people of all nationalities in China. Its sole objective is to serve all Chinese people wholeheartedly. Party organizations

at all level form part and parcel of the CPC; as such, they should give priority to the general interest of party and state, and not be concerned solely with departmental interest, thereby reducing themselves to a "regional party," "departmental party" and "unit party." At present there are some party organizations which adopt a pragmatic approach toward central policies, expounding such theories as "moving swiftly when the green light is on, and going the roundabout way when the red light is on." With policies favorable and suitable to them, they apply them "to the fullest" and exploit them to the "hilt." With those geared toward the general interest and which momentarily hinder their objectives, they merely pay lip service or refuse to adopt them at all. This attitude of "the authorities may have their policies, but the subordinates have their countermeasures" is entirely wrong and is a reflection of impure party character.

Democratic centralism is the fundamental organizational principle of our party and its most important organizational discipline. Compliance by the individual to the organization, by the minority to the majority, by the subordinates to the superiors, by the entire party to the Central Committee—this is the code of conduct that should be observed by party organizations at all level and by each and every party member. During the current period in the overall implementation of reforms, it is necessary to reiterate the party's principle of democratic centralism, notably the one on subordination of the entire party to the Central Committee. If a political party allows its party members to act arbitrarily according to the whims of an individual or of a small collective, then that party could not possibly have a common goal nor fighting power. Henceforth, a party member should unconditionally and vigorously carry out major reform policies outlined by the party Central Committee. He or she must keep in step with the party Central Committee and act in unison under its directives. Disciplinary sanctions must be imposed on those who violate or do not comply with central policies. The irregular phenomenon of violators making profits while law abiders suffer losses can no longer be tolerated.

Our emphasis on the strengthening of discipline and on subordination of the entire party to the Central Committee does not mean repudiating democracy within the party, nor denying the creativity of party organizations and members. We need authority during this period in implementing reforms. This authority, built upon a democratic foundation and incorporating the wisdom and creativity found in the entire party, is truly powerful. Take for instance the preliminary outline for price and wage reforms. In the process of drafting the outline the views expressed by the State Council Price Commission, the State Council Standing Committee, the Political Bureau of the CPC Central Committee, nonparty personalities, and concerned experts during broad discussions were fully incorporated, and the interests and demands of all parties concerned were taken into account. Finally, the outline was discussed and approved at a Plenary Session of the CPC Central Committee.

Consequently this outline absorbed the wisdom both within and outside the party. However, in the implementing process, and under the premise of strict enforcement of the outline, it is still imperative that all comrades in the party should exercise their initiative and creativity in order to ensure the steady progress of the reforms.

Paper Says Institutional Spending Still on Rise
OW1710082788 Beijing XINHUA in English
0656 GMT 17 Oct 88

[Text] Beijing, October 17 (XINHUA)—Despite the State Council's repeated calls for control of institutional spending, the trend is still growing, according to today's "PEOPLE'S DAILY."

The paper attributed the continued increase in institutional spending to wasteful and extravagant officials.

Malfeasant expenditure in Guangdong Province alone has increased from 360 million yuan in 1986 to 580 million yuan in 1987, the paper said.

Flouting the State Council's decision to stop buying cars this year, government organizations in Guizhou Province spent 20.85 million yuan on 360 cars, including luxury models, boosting the cost of its institutional purchases to 412 million yuan in the first eight months of 1988—a total which far exceeded its annual budget of 200 million yuan.

Even in poverty-stricken Jianxi Province, expenditure on cars increased by 97.6 percent and institutional money spent on air conditioners increased by 71 percent from January to August 1988.

"These purchasers cheat to avoid supervision. For example, carpets are specified as 'decorating materials' on invoices," said the paper, adding that the situation is being worsened by illegal payments of bonuses and consumer goods to employees in enterprises.

In order to control the purchasing power of a whole range of groups throughout China, administrative, disciplinary and economic measures should be employed—instead of relying only on administrative measures to control such spending, the paper continued.

"Control requires a co-ordinated effort from concerned departments such as materials-supply units, banks and senior officials empowered to approve the purchases," the paper said.

The paper asserted that taxing expenditures is one way of controlling out-of-hand institutional spending, and another might be for the central government to tighten regulations issued in 1980 on the management of institutional buying power.

LIAOWANG Urges Fresh Study of Capitalism
*HK1710130488 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 41 10 Oct 88*

[Article by Wu Jiang (0702 3068): "Discussing Gaining a Fresh Understanding of Capitalism"]

[Text] Abstract: It is a persistent Marxist idea to study and gain fresh understanding of capitalism from time to time.

The main aspect of study is on capitalism after World War II, including: The way Western Europe and Japan recovered from grave economic crises; and how capitalist countries have attempted to carry out reforms, including implementation of welfare policies and nationalization of major enterprises, and acquired rapid development since the early 1960s.

The reason for studying capitalism afresh is not to hold capitalism in esteem and play down socialism, nor to abolish the division between the two, but to have a clear understanding of the mechanisms, modes, and measures adopted by modern capitalism in developing productive forces, and from which to discover things beneficial and useful to socialism.

The coexistence and peaceful competition of the two systems and economies are inevitable objective facts. From our standpoint we must find an effective channel through which we can maintain a normal link between the two economies, which is mutually beneficial and complementary. [end abstract]

So long as something exists and develops, our understanding of it will never be complete. Whether it is socialism or capitalism we should try to understand it afresh repeatedly. This is a very simple truth. However, when some foreigners heard of our intention to gain a fresh understanding of capitalism, they thought that this was "another blow to the reputation of Karl Marx in China." I think that this was to say the least, a misunderstanding.

In fact, the idea of studying and gaining fresh understanding of capitalism from time to time is part of Marxist ideology. Marx's "Das Kapital" discloses the basic contradiction between the law and the historical fate of the capitalist movement, and comes to the conclusion that the capitalist system is not eternal and that it will eventually be replaced by socialism. Such ideology is not, and will not become out-dated. However, "Das Kapital" did not, and could not, cover all aspects and problems in the development of capitalism. Individual analysis and thesis may also be impractical. Marx knew clearly about this point. We can support this by the fact that Marx kept delaying publication of the second volume of "Das Kapital." From 1867, when the first volume of "Das Kapital" was published, until Marx died in 1883, Marx wrote 7 or 8 drafts for the second volume. His understanding of ideology improved step by step.

However, a new situation appeared in 1873: The first world economic crisis broke out in the United States and Germany, and in 1879 the crisis spread to the United Kingdom. Marx wrote in a letter to a friend that year: "I will not publish the second volume before the current industrial crisis in the United Kingdom reaches its peak. This is a very special phenomenon. It is different from past phenomena.... So I must pay attention to the present progress of events until they all ripen, then I will 'consume' them 'in production, I mean 'in theory.'" (From "Marx' Collected Correspondence on 'Das Kapital'," p 350) Originally, Marx based his ideas on material from the repeated cyclical crisis in the United Kingdom when writing the second volume. But then the unprecedented world crisis appeared and so Marx thought that his crisis theory "needed further study." He thus delayed publishing the second volume. We all know that the second and third volumes of "Das Kapital" were published by Engels who compiled them from Marx' drafts after his death. We believe that Engels was faithful to the Marx ideology. But if Marx had lived longer, say another 10 or 15 years, and completed "Das Kapital" himself, then we believe that certain of "Das Kapital's" contents might be different from today's version, and the differences might be very large. (Of course, even if this was the case it would be impossible for that version to cover all the problems we have to face today.)

Nowadays, some people think that it is rather ridiculous for Lenin to arrive at the thesis that "imperialism is dying capitalism." Actually, as early as in Volume I of "Das Kapital," Marx had come to the conclusion that "it will soon sound the death knell of capitalist private ownership." It is obvious that we cannot be too strict with our ancestors when we look at specific development progress in our history. We should not laugh at their over-optimistic views on the reform situation which they have held on more than one occasion since 1848. We cannot avoid the specific historical conditions limited to that period of time. At that time, capitalism had difficulty displaying its power of steady and prosperous development, especially when capitalism showed certain features of imperialism, and when the two world wars broke out. (The socialism we have today is a result of the breakthrough of the weak points of capitalism in war conditions). Even so, what Marx said after the failure of the 1848 Revolution is worth noting: "When the productive forces of a bourgeois society are developing prosperously at a speed within the scope of bourgeois relations, there is no real revolution." (From "The Collected Works of Marx and Engels" Volume VII, p 114) Moreover, Marx pointed out in his economic drafts written at a later stage, especially the draft written between 1861 and 1863, that it is possible for capitalism to have high potential to expand accumulation and reproduction. These possibilities come from the fact that capitalism can make full use of the labor force, raise the efficiency of labor, and apply conditions such as new science and technology. Marx wrote: The reason why capitalism can expand reproduction lies in its accumulation of material wealth, and the laborers' standard of knowledge and

technical competence. Such Marxist theories were very obvious, but they were most probably neglected by many people who studied Marxism after Marx.

There were two incidents after World War I that should have attracted our attention, but which we did not notice, and even came to a lopsided conclusion about. One was the failure of the German Revolution in 1919. At that time the bourgeoisie in Germany surprisingly defeated a rather powerful revolutionary force with the assistance of the Entente countries and through organizing the Weimar Republic. By a miracle, its economy recovered within a short period of time despite the Versailles Treaty. (Later, Hitler's militarized economy was built on this basis). The other incident was capitalism overcoming the unprecedented economic crisis from 1929 to 1933, from which they learned to regulate the economy macroscopically. Most probably socialist economists concluded from this crisis that capitalism had entered an overall crisis, and the capacity of the productive forces within the scope of capitalist relations had come to an end. They did not think of it from a long-term point of view and in a sense the previous crises may also have been an inoculation for capitalism, adding a certain degree of resistance and regenerative power.

Therefore, I think we could begin to study capitalism again by looking into these two incidents. If we want to gain a fresh understanding of capitalism we cannot just take notice of the phenomena in cross section without studying the history. Of course, the emphasis should be put on capitalism after World War II, which includes studying: How the economies of Western Europe and Japan recovered from the serious crises and the general collapse of the old systems; how the United States assisted these exhausted major capitalist areas to recover; how capitalist countries attempted to conduct reforms including implementing welfare policies and nationalizing major enterprises (note: At that time some people regarded such reforms as one of the ways to achieve peaceful transformation); and in particular studying how capitalist countries have made rapid developments and displayed high potential since the early 60s. People suffered another big world crisis in the mid-70s but generally speaking, capitalist countries will, over a rather long period of time, continue their potential to develop production; and capitalist relations will have much self-regulatory power with the capacity for a larger volume of productive forces (Experts have predicted that the total output value of developed countries in the 21st century may increase by 100 percent or more compared with 1978). In comparison, socialism has accumulated more and more problems in the development of productive forces since the 60s, and the difference between capitalism and socialism in productive forces is not narrowing, but continuously widening.

To study capitalism afresh was originally a basic Marxist topic. At present, the difficult situation that socialism is facing makes it inevitable to do so. This kind of study should follow the method suggested by Marx because it is

the only reliable one. We study capitalism afresh not because we want to find out the "beautiful quality" or permanence (which is impossible) of capitalism, nor to hold capitalism in esteem and play down socialism. We do not intend to eliminate the division between the two systems, nor to copy certain terms and concepts from the writings of Western economists. Other than gaining a fresh understanding of the present conditions, characteristics, and future development trend of capitalism, and the general relationship between socialism and capitalism, our study today is especially aimed at gaining a clear concept of the mechanisms, modes, and measures adopted by modern capitalism in developing productive forces, and to discovering things beneficial and useful to socialism. As a successor to capitalism it is reasonable for socialism to successfully learn from everything in capitalist production that is useful to itself. The coexistence and peaceful competition of the two systems and economies are also inevitable objective facts. From our standpoint we must search for an effective channel through which we can discover a normal link between the two economies, which is mutually beneficial and complementary. We must abandon the past theory of the so-called "two world markets."

Democratic League Congress Concludes 16 Oct
OW1710072188 Beijing XINHUA Domestic Service
in Chinese 1307 GMT 16 Oct 88

[By reporter Zhang Sutang and trainee Liu Siyang]

[Text] Beijing, 16 Oct (XINHUA)—The Sixth National Congress of the China Democratic League closed in Beijing today after a 9-day session.

By means of multiple choice, the congress elected 250 members and 50 alternate members to form the new China Democratic League Central Committee. The average age of the new members is 59.2, or 5.6 years younger than their predecessors.

The congress also adopted a new China Democratic League charter, which clearly defines the basic tasks and objectives of the China Democratic League as being a political party under the CPC-led multiparty cooperative system. The China Democratic League also adopted the 12 political proposals set forth by the congress as the China Democratic League political program.

During the 9-day congress, the 800 or so delegates examined the report on the work of the Fifth China Democratic League Central Committee, and studied and discussed the greeting message the CPC Central Committee sent to the congress, and the report which conveyed the guidelines of the 3d Plenary Session of the 13th CPC Central Committee. The delegates also put forward views and proposals concerning China's new system, new missions for the period of deepening reforms in all fields, and development of China Democratic League organizations. The delegates maintained

that, surrounding the central task—economic construction—the China Democratic League has achieved new victories in upholding the four cardinal principles, persisting in carrying out reform and opening to the outside world, and contributing to material and spiritual construction during the past 5 years.

Su Buqing and Tan Jiazhen, executive chairmen of the congress, chaired today's closing ceremony.

The closing ceremony adopted the "Resolution of the Sixth National Congress of the China Democratic League." The resolution points out that all delegates to the congress unanimously support the principles, policies, and measures formulated by the 3d Plenary Session of the 13th CPC Central Committee for cleaning up the economic environment, improving the economic order, and deepening reform in all fields. The congress holds that as long as people in the country unite as one, uphold the aforementioned principles and measures, combat difficulties, and press forward, the reform will be successful in China.

The resolution pledges that the China Democratic League will bring its functions as a political party into full play, and make efforts to expedite the socialist democratization process; that the China Democratic League will carry forward its glorious tradition of closely cooperating and advancing with the CPC, make positive efforts to promote the political consultative system, and play a greater part in making, executing, and supervising state decisions through participating in state affairs; and that the China Democratic League will continue to encourage all China Democratic League members to take an active part in reform and opening up and contribute to socialist modernization.

During the closing ceremony, the delegates also approved a letter of the Sixth China Democratic League National Congress to Peng Dixian, Li Wenyi, and other veteran comrades to express their high respects and sincere regards to these former China Democratic League leaders.

The delegates also stood up to observe a moment of silence and express their deep condolences on the demise of Sa Kongliao, the venerable vice chairman of the Fifth China Democratic League Central Committee, who died this morning.

Delivering his closing speech, Fei Xiaotong expressed the belief that China Democratic League organizations will unite as one and, under the banners of socialism and patriotism, made new and even greater contributions to reform, opening to the outside world, promoting socialist democracy, and building a socialist society with distinctive Chinese characteristics.

New Leaders Elected

OW1810114188 Beijing XINHUA Domestic Service
in Chinese 1554 GMT 17 Oct 88

[Excerpts] Beijing, 17 Oct (XINHUA)—The Sixth Central Committee of the China Democratic League held its first plenary session in Beijing today.

New Central Committee leaders were elected by secret ballot at the plenary session.

Renowned sociologist Fei Xiaotong, 78, who is also vice chairman of the NPC Standing Committee, was reelected Democratic League Central Committee chairman. [passage omitted]

Ten of the 14 Central Committee vice chairmen were also reelected today. They are Qian Weichang, Gao Tian, Ye Duiyi, Tan Jiazhen, Tao Dayong, Qian Jiaju, Guan Mengjue, Luo Hanxian, Ma Dayou, and Feng Zhijun. Newly elected vice chairmen are Ding Shisun [0002 4258 1327], 61, Beijing University president; Kang Zhenhuang [1660 2182 7806], 68, Chengdu University of Science and Technology professor; Kong Lingren [1313 0109 0088], 64, a woman professor of Shandong University; and Xie Songkai [6200 7313 0418], 50, Foshan University president.

The new Standing Committee of the league's Central Committee consists of 73 members, whose average age is 67.7, some 9.7 years younger than that of the previous Standing Committee members. They are (arranged in the order of the number of strokes in their surnames):

Ding Shisun, Qian Jiaju, Ma Dayou, Ma Meisun [7456 2734 5549], Wang Jian [3769 0256] (Beijing), Wang Jian [3769 0256] (Hebei), Wang Danfeng [3769 0030 7364] (female), Wang Qihong [3769 0796 1347], Kong Lingren (female), Lu Leshan [4151 2867 1427] (female), Ye Junjian [5509 0689 0256], Ye Duiyi, Ye Peida [5509 1014 1129], Feng Zhijun, Feng Yidai [7458 0076 0108], Feng Kexi [7458 0344 3556], Jiang Jingbo [3068 2529 3134], Zhu Xuanren [2612 1357 0086], Zhu Dexi [2612 1795 3556], Wu Cangping [6762 3318 5493], Zhuang Mingli, Liu Kejing [0491 0344 7234] (female), Liu Peiyong [0491 0160 5391] (female), Liu Shibai [0491 6108 4101], Liu Dehai [0491 1795 3189], Guan Shixiong [7070 0013 7160], Guan Mengjue, Chi Jishang [3069 7139 1424] (female), Yang Ming [2799 2494], Yang Kuizhang [2799 1145 4545], Wu Hanjia [0702 3352 1367], Wu Keqing [0702 0344 3237], Wu Zuoren, Wu Xiuping, Wu Fuheng [0702 1381 1854], Xiao Qian, Shen Jin, Zhang Zhilian, Zhang Bilai, Zhang Jiyu [1728 4764 1008], Zhang Yuanmou [1728 6678 6180], Zhang Chukun, Chen Xinming [7115 1800 6900], Chen Guizun, Chen Xinmin, Fan Lian, Fan Lian, Lin Ying, Lin Zongcai [2651 1350 1752], Lin Jinming [2651 6855 6900], Luo Hanxian, Zhao Yiming [6392 0001 2494], Hong Bokeng [3163 0130 6972], Zhu Rufang [4376 3067 2455] (female), Fei Xiaotong, Yu Zeyou [0356 3419 3731], Qian Weizhang, Ni Baoshan [0242 0202 3790],

Xu Peng, Xu Jingxing [1776 2529 2502], Weng Shuguan [5040 2562 0385], Gao Tian, Gao Jingde, Gao Qingzhou [7559 2348 3166], Tan Jiazhen, Nie Weiping [5119 5898 1627], Tao Dayong, Kang Zhenhuang, Xie Songkai, Peng Shaoyi [1756 1421 6654], Han Yizhi [7281 3015 0037], Dai Shuhe [2071 2885 0735], Dai Ailian [2071 1947 5571] (female), and Duan Muzheng [4551 2606 2973]. Wu Xiuping is secretary general.

Controversial Film Evokes 'Mixed Feelings'
OW1610053188 Beijing XINHUA in English
0304 GMT 16 Oct 88

[Text] Beijing, October 16 (XINHUA)—The film "Red Sorghum," which was awarded the Gold Bear prize at the West Berlin International Film Festival, has evoked mixed feelings at home, said an article in the latest issue of the English weekly "BEIJING REVIEW."

Some praise it for its national color, dynamic structure and distinctive characterization but others blamed it for having ideological problems and lacking artistic content.

While the media is actively commenting the merits and demerits of the film, people are pleased to notice that there has been no official comment or interference in this.

Thus the situation has been dubbed as the "Red Sorghum" phenomenon.

A decade ago, the weekly said, it was common that one view would overwhelm all others, often leading to monotonous and depressed state in literary and ideological circles.

"An atmosphere of democracy and equality has emerged, rarely witnessed since the founding of the People's Republic," the weekly said, hailing the phenomenon marks the opening of a new era of prosperity for Chinese literature and art. [sentence as received]

The article said the previous contention on right and wrong in literary circles has invariably ended with arbitrary rulings, which often gave rise to the struggle between two political lines and had disastrous effects.

History has proved that in debates on art and theoretical or academic questions, allowing free discussion and the airing of different views has helped clear distinctions to be drawn between right and wrong and only in this way can new ideas and forms of art emerge, the article said.

Kang Hua To Continue Foreign Trade Contacts
OW1710234288 Beijing XINHUA in English
1455 GMT 17 Oct 88

[Text] Beijing, October 17 (XINHUA)—The China Kang Hua Development Corporation, which has become a center of controversy in China recently, will continue to carry out all unfulfilled economic and trade contracts with foreign firms, senior officials of the corporation said here today.

The corporation will further develop two joint ventures—the Kangfu International Leasing Corporation, together with the Fuji Bank of Japan, and the Kang Hua International Software Development Corporation, with KNC [as received] of the United States.

These statements were made by Kang Hua Chairman Tang Ke, Vice Chairman Gao Yangwen, President Han Boping and Vice President Jia Hongsheng in an exclusive interview with XINHUA.

Tang Ke said Kang Hua has, since October 1, stopped signing import or export contracts with foreign countries.

At the same time, Kang Hua will dissolve its Hong Kong branch, the Bring Fast Company, [word indistinct] clearing up its contracts and assets, he added.

In response to the central government's call to rectify the economic order and bring various errant companies into line, Kang Hua is undergoing a big overhaul, including severing ties with subordinate organs and readjustment of business scope.

Founded June 3, 1987, Kang Hua now has 171 branch companies and agents of various kinds all over the country.

It has since concluded about 4,000 import and export trade contracts—totalling 670 million U.S. dollars—with firms in 30 countries and regions.

Tang Ke admitted that Kang Hua has expanded too rapidly and its scope has grown too large.

Leaders Receive National Defense Scientists
OW1810202388 Beijing XINHUA Domestic Service
in Chinese 1216 GMT 18 Oct 88

[By reporter Xu Zhimin]

[Text] Beijing, 18 Oct (XINHUA)—Party and state leaders Zhao Ziyang, Yang Shangkun, Li Peng, and Wang Zhen met today at Huairan Hall in Zhongnanhai with more than 80 representatives of experts in national defense science and technology who have made significant contributions to our country.

At the meeting, the central leading comrades happily shook hands with the experts one by one, cordially chatted with them, and posed with them for a group photograph. Zhao Ziyang and the other leaders expressed thanks for their contributions on behalf of the party and the state.

Zhao Ziyang said: Achievements made in the past 3 decades on the national defense science and technology front, particularly in high-technology, are amazing in a developing country like ours. For the veteran experts who are working in this field and who have made

outstanding contributions, the main task at present is to continue the work and to train successors. Despite some difficulties still being experienced by our country, we will strive to continually maintain this trend.

Yang Shangkun said: We should maintain this trend so that our national defense science, technology, and industry will continue to develop. It is necessary to train a new generation of experts so as to continually carry forward the glorious tradition. We should see to it that our new generation will not forget the past. The pioneering spirit of the older generation is extremely valuable.

Li Peng said: China has the least expenditure on developing the technology of sophisticated weapons, but this undertaking concerns our military might, our national prestige, and the security of our country. Because of this, the government and people have a responsibility to support you. With a turn for the better in our national financial situation, we will further develop the national defense science and technology of our country.

Wang Zhen expressed esteem for the experts working on the national defense science, technology, and industry front. He made a deep bow to the experts as an expression of thanks for their long-term, selfless dedication.

Among the experts the leaders met with were celebrated scientists of the older generation as well as middle-aged and young experts presently engaged in national defense science research. They included experts in rockets and missiles, computers, nuclear technology, remote control, and satellites; chief designers for aircraft, warships, artillery guns, munition, and tanks; professors engaged in basic theoretical research on national defense science, technology, and industry; as well as experts in management.

Also present on the occasion were Zhang Jingfu, Zhang Aiping, Qian Xuesen, Liu Huaqing, and responsible persons of the Commission of Science, Technology, and Industry for National Defense, including Ding Henggao and Wu Shaozu.

Wan Li Thanks Beijing Model Sanitation Workers
OW1610092088 Beijing Television Service
in Mandarin 1100 GMT 9 Oct 88

[By reporters Zhang Tuanchang and Meng Huanru]

[Text] Wan Li, chairman of the NPC Standing Committee, met with Zhang Yuqing, Li Baorui, and 14 other model sanitation workers and representatives of advanced workers from the capital's environmental sanitation front in Yuanmingyuan Garden on the evening of 8 October. Wan Li thanked the sanitation workers who worked yearround to beautify the capital's streets.

After the meeting Wan Li watched the Autumn Lantern Festival held in the garden, together with some 20,000 sanitation workers and their families. The Beijing Haidian District People's Government and the municipal Tourism and Environmental Sanitation Bureaus jointly sponsored the special lantern festival for the capital's sanitation workers.

Reportedly more than 600,000 people have visited the festival since its opening.

Li Tiesing on Request To Put Wushu in Olympics
OW1610134688 Beijing XINHUA in English
1459 GMT 15 Oct 88

[Text] Hangzhou, Zhejiang Province, October 15 (XINHUA)—“We would try to get wushu (Chinese martial art) into the Olympic Games,” a senior Chinese Government official said here this evening.

Li Tiesing, member of the Political Bureau of the Chinese Communist Party and state councillor of the State Council, made the remarks here when meeting with chief delegates of foreign wushu delegations to the Hangzhou International Wushu Festival.

Li, also a honorary adviser to the Chinese Wushu Association, has a deep interest in wushu, the traditional art of Chinese self-defence, which has become an official competition sport at the 1990 Asian Games in Beijing.

Wang Zhen, Leaders Award Prizes to Inventors
OW1710130888 Beijing XINHUA Domestic Service
in Chinese 1739 GMT 13 Oct 88

[By reporter Tang Hong]

[Excerpt] Beijing, 13 Oct (XINHUA)—The 1988 Beijing International Inventions Exhibition closed today at the Great Hall of the People. The exhibition committee selected 468 items as prize-winning inventions. Wang Zhen, Song Renqiong, Wang Shoudao, Zhang Aiping, Zhou Gucheng, Yan Jici, Ni Zhifu, Fang Yi, Hong Xuezhi, and Liu Huaqing and other leading comrades attended the closing ceremony and awarded prizes to inventors. [passage omitted]

Wang Bingqian at Administration Society Founding
OW1710131788 Beijing XINHUA Domestic Service
in Chinese 1245 GMT 14 Oct 88

[By reporter Sun Benyao]

[Text] Beijing, 14 Oct (XINHUA)—China's Society of Administration was established today in Beijing. Premier Li Peng of the State Council wrote an inscription for the founding of the society. The inscription read: Government administration should be scientific, efficient, law-abiding, clean, and honest.

Chen Junsheng, secretary general of the State Council, was elected president of China's Society of Administration. Zhang Wenshou, Zhang Ce, Xia Shuzhang, Huang Da, Liu Yichang were elected vice presidents. The new society also elected members and permanent members.

State Councillor Wang Bingqian, deputy secretaries general of the State Council Bai Meiqing and Chang Jie, responsible persons of the relevant departments, and representatives from provinces, autonomous regions, municipalities, central organs, and academic circles, 200 in all, attended today's founding ceremony.

Wang Bingqian spoke at the meeting on behalf of the State Council. He said: The science of administration is a discipline that studies the law of state administration. Strengthening the study of administrative science meets the practical needs of our country's reform, modernization, and construction. In the past several years, leading comrades of the State Council have been actively promoting the study of administrative science. The experience of a decade of reform has proved that only scientific administration can better promote the development of socialist modernization and construction. The just concluded 3d Plenary Session of the 13th CPC Central Committee proposed guiding principles, policies, and measures to improve the economic environment, rectify economic order, and deepen reform. Governments at all levels should stress the study of the science of administration and increase administrative efficiency if they want to effectively fulfil the work proposed at the 3d Plenary Session of the 13th CPC Central Committee. He hoped that the society will begin work in a pioneering spirit, spread the knowledge about administrative science, encourage government personnel at all levels to stress scientific management and be efficient, law-abiding, clean, and honest so as to realize the goal of realizing a scientific, legal, and modern administration.

Zhang Wenshou also spoke at the meeting. He said: China's Society of Administration is an academic group that promotes the scientific study of administrative theory and practice. It will serve government decision-making and improve administrative work. Its main tasks are: to conduct scientific study in close integration with the actual situation in government administration, play the role of a consultant, promote the development of administration as a discipline, popularize the knowledge of administrative science, and build a contingent of specialized administrators.

Wen Jiabao Stresses Grass-Roots Work at Meeting
OW1710014188 Beijing XINHUA Domestic Service
in Chinese 1227 GMT 15 Oct 88

[By RENMIN RIBAO reporter Song Shiqi and XINHUA reporter Hu Qinghai]

[Text] Beijing, 15 Oct (XINHUA)—Wen Jiabao, alternate member of the Secretariat of the CPC Central Committee and secretary of the work committee of the

party committees of departments under the CPC Central Committee, addressed a meeting on exchanging experience in the party's grass-roots work among departments under the CPC Central Committee today. He said that under the situation of deepening the reform in all fields, grass-roots party organizations are confronted with a new task, that is, to bring into full play the role of party organizations to ensure the victory in improving the economic environment, rectifying the economic order, and deepening the reform in all fields, while building up the fighting capacity of party organizations and raising party members' awareness through improving the environment, rectifying the order, and deepening the reforms. It is necessary to improve grass-roots party organizations in conjunction with the improvement of the environment, rectification of the order, and the deepening of reform.

Wen Jiabao said: In order to successfully improve the environment, rectify the order, and deepen reform, it is necessary to strengthen party leadership, give play to the party's leading, nucleus, supervisory role, and turn grass-roots party organizations into powerful fighting forces. They are the fundamental guarantees for overcoming difficulties and fulfilling the tasks of the party.

Why, in the reform and opening period, is it still necessary to turn grass-roots party organizations into powerful fighting forces? Wen Jiabao said: Grass-roots party organizations, including grass-roots party committees and party branches, are the party's basic units and foundations, where the party's work is carried out in all fields, and wherein lie the main sources for growth of the party's strength. The grass-roots organizations, which shoulder the tasks of publicizing and implementing the party's line, principles, and policies, must conduct organizational and educational work among party members and ordinary people alike in order to rally them around the party to fulfill its tasks. Grass-roots party organizations, as the direct organizers and executors of the work to educate, manage, and supervise party members, should earnestly implement the party's line, principles, policies, and resolutions through to the end. Grass-roots organizations must recruit new members to increase the party's strength, teach party members to play the exemplary vanguard role, and ensure that they perform duties with honesty so as to preserve the party's advanced nature and purity. We cannot do a successful job in these fields without powerful grass-roots party organizations. To build grass-roots party organizations into powerful fighting forces is not only an important but also a pressing task especially for carrying out the work to improve the environment, rectify the order, and deepen the reform during the reform and construction period.

Wen Jiabao said: In order to build grass-roots party organizations into powerful fighting forces, it is necessary to concentrate the efforts on the following four fields: educating and supervising party members, improving and enlivening the party organizational life at

the grass-roots level, strengthening discipline and supervision, and uniting and keeping in touch with the masses. He stressed: In supervising party members, it is necessary to especially teach them to strictly observe party discipline and honestly execute duties. In improving grass-roots party leadership, it is necessary to attach strategic importance to and carry out party building by selecting comrades with a high degree of ideological awareness, strong party spirit, and dedication, as well as experience in the party's work, for grass-roots leading posts.

Why is it still necessary to stress the exemplary vanguard role of party members in the reform and opening period? Wen Jiabao said: The exemplary vanguard role of party members has a vital bearing on strong leadership and prestige of the party and on its ability to unite and maintain close contacts with the masses of people. Under the new situation, party members are required to have a higher degree of awareness, willpower, knowledge, and capability for performing the new tasks. He said: Unaware of how to give play to the exemplary vanguard role under the new situation, some party members have either consciously or subconsciously slackened the demands on themselves, and a small handful have even abused powers for personal gains in violation of party discipline and government regulations, thus discrediting the party. Therefore, we should once again raise the issue of how to be a qualified party member. To win victory in the Chinese revolution is a great task, but to build China into a modern socialist power is an even greater, more arduous task. All Communist party members must be aware of the difficulty of their tasks today.

Wen Jiabao said: Departments under the party Central Committee must set good examples in implementing the guidelines of the 3d Plenary Session of the 13th CPC Central Committee. Leading cadres at all levels, grass-roots party organizations, and all party members of departments directly under the party Central Committee must bring into play their role in fulfilling the tasks laid down by the 3d Plenary Session of the 13th CPC Central Committee.

The meeting, which was held in Zhongnanhai today, was attended by some 1,300 administrative officials, leaders of party committees and discipline inspection commissions, and party branch secretaries of departments under the party Central Committee. Representatives from nine party committees and party branches gave reports at the meetings yesterday and today on their experiences in improving grass-roots party organizations. Entrusted by the work committee of party committees of departments under the CPC Central Committee, Gu Yunfei, its executive deputy secretary, put forth an 8-point suggestion for intensifying the building of grass-roots party organizations and bringing into play the role of party organizations.

Chi Haotian at 13 Oct Lanzhou Military Exercise
OW1610191688 Beijing Domestic Service
in Mandarin 1030 GMT 14 Oct 88

[Text] A military exercise codenamed Western 88, the first since the institution of a new ranking system in our Army, was successfully concluded yesterday in a certain place in China's northwestern region. The Lanzhou Military Region was responsible for organizing this annual strategic training exercise. The aim of this exercise was to test our army's new strategic policy and theory of war developed in recent years under a nearly real battle situation. Units from the Army, Air Force, and special forces took part in this exercise. Lieutenant General Zhao Xianshun, commander of the Lanzhou Military Region, directed the exercise. General Chi Haotian, chief of general staff, and General Zhang Zhen, president of the Defense University, were present at the military show and visited the military personnel taking part in the military exercise.

Economic Statistics for Jan-Sep Period Released
OW1810201888 Beijing XINHUA Domestic Service
in Chinese 1223 GMT 18 Oct 88

[By reporter Wu Shishen]

[Text] Beijing, 18 Oct (XINHUA)—With sustained economic growth and an increase in revenue, China's economy in the first three quarters of this year has nevertheless featured an obvious inflation of currency with a general social retail sales price index about 16 percent higher than the same period last year, Zhang Zhongji, media spokesman for the State Statistics Bureau, said here today. He said a sample survey showed that the monthly income of an urban resident actually increased 0.5 percent on the average, but the actual income of quite a number of workers went down.

While briefing news media in the capital on the above, the spokesman stressed the urgency of improving the economic environment and rectifying the economic order, as well as the vital importance of smooth development of the reform program.

The principal aspects of our country's economic situation during the first 9 months of this year revealed by the media spokesman were as follows:

Industrial production showed overheated development. Since the beginning of this year, industrial production has grown at a high rate as a result of the reformed mechanism of enterprise management and the adjusted prices of industrial products. Particularly in August and September, industrial production reached its climax under the impact of market demands. From the first to the third quarter, the nation's gross industrial output value climbed 17.5 percent, hitting a record growth rate for the same period in 3 years. However, the growth rates of output of energy, rolled steel, caustic soda, and soda

ash were way below the total industrial growth rate. Insufficient energy supply and transportation capacity will be a major factor limiting the nation's industrial production in the future.

The total scale of fixed asset investment was still too big. From the first to the third quarter, the state-owned units invested 123.8 billion yuan in fixed assets, up 16 percent compared to last year's corresponding period. This was the lowest rate of increase for the same period in 3 years. However, the number of new construction projects was as many as 16,576, and the capital construction projects in progress in the country with an investment of 50,000 yuan or more totaled [figure indistinct]. At present, the projects of state-owned units under construction have exceeded 1 trillion yuan in terms of investment, exceeding their financial and material supply capabilities. Further efforts should be made to cut such projects.

The domestic market showed overheated demands. From the first to the third quarters, the volume of retail sales of commodities totaled 534.8 billion yuan, outstripping last year's corresponding period by 28 percent.

Consumption spending rose too fast. Since the beginning of this year, issuance of bonuses and subsidies, either in cash or in kind, has been fairly common in various localities. From the first to the third quarter, the total payroll of staff members and workers throughout the country amounted to 150.9 billion yuan, a 20.1 percent rise above the same period last year. Of this amount, 25.1 billion yuan was bonuses, up 46.6 percent. Cash income earned by staff members and workers other than wages and bonuses was estimated at some 62 billion yuan, or 37.5 percent above the same period last year. Purchasing power of government institutions and public organizations remained at a high level. From the first to the third quarter, consumer goods purchased by such institutions and organizations increased 21.3 percent to 48.7 billion yuan.

Commodity prices soared to a big extent. Inflation, coupled with confusion of one kind or another in the realm of commodity circulation, pushed the general social retail sales price index for the period from the first to the third quarter to a level 16 percent higher than the same period last year. The cost-of-living index for staff members and workers in 32 big and medium cities went up 18.3 percent. According to a sample survey, the per capita monthly income of urban residents averaged 87 yuan, up 18.1 percent compared to 73.6 yuan for last year's corresponding period. If corrected for inflation, the actual rise was 0.5 percent.

Liu Guoguang Views Facing Inflation Problem
OW1710140188 Beijing BEIJING REVIEW
in English 10-16 Oct 88 pp 14, 15

[Article by Liu Guoguang, Chinese economist and vice president of the Chinese Academy of Social Sciences: "China Faces the Problem of Inflation"]

[Text] China's dramatic price rises have become a matter of deep concern. From 1985 to 1987, inflation ran at 7.3

percent annually, with a total increase of 23.7 percent in the price index. In the first quarter of 1988, the rate moved into double figures. These price rises have been across the board—consumer goods, foodstuffs, capital goods and industrial products. And continuing inflation is now a big obstacle to economic stability and deepening China's reforms.

From 1984 to 1987, the money supply (including cash and bank credit) grew at a far greater rate than actual economic growth, leading to devaluation and price hikes. The year-by-year increases have been: 1984, 49.5 percent; 1985, 24.7 percent; 1986, 23.4 percent; and 1987, 17.6 percent—all far exceeding the annual increase in gross national product and per-capita income.

At the same time, there has been a large expansion in demand for investment and consumption, stemming from the impulse to pursue high-speed growth. The ensuing imbalance between supply and demand (principally the shortage of farm and sideline products, raw and semifinished materials and energy), the excessive investment in nonbudgeted capital construction and the huge purchasing powers of government institutions and public organizations have further fuelled the price spiral.

Of course, the monetary and economic factors behind inflation are interrelated, one without the other could not cause inflation. But as it is fundamentally a monetary phenomenon, it can only occur through an "overpass" of the money supply. This "pass" is generally caused by the state's monetary authorities, and so whether inflation occurs or not is closely related to government policy. This, however, does not mean that deep-level economic factors should be neglected in searching for the roots of inflation and prescriptive treatments.

At the moment, China's economy stands at the juncture where an old system is being replaced with a new one. Before this process is completed, the pursuit of quantity, the hunger for investment and excessive expansion of consumption will not disappear. Rather they will promote a faster growth in total demand than an increase in total supply. For China, this move from a low to middle-income level is both crucial and radical. In particular, it generates contradictions between the demand for and supply of medium- and high-grade commodities, promoting further imbalances in the economy, while masking the fact that it is the overall expansion of demand which is the more immediate and principal cause of inflation.

Since there are both economic and monetary reasons for inflation, it is necessary to simultaneously tackle both sides. In my opinion, first, China should not pursue an excessive economic growth rate over the near future. To some extent, economic growth in the past few years has been temporarily fuelled by inflation, so now it is necessary to reduce the temperature. For example, we should return to the original GNP growth target—the average 7.2 percent needed to quadruple the gross value of

industrial and agricultural production for the 1981-2000 period. Considering that the actual average rate of growth in the past eight or nine years has been high, the GNP growth rate for the next few years should be kept down to 7.2 percent, and industry at 10 percent. Such a rate should not be seen as low, because it is already high enough to relieve inflationary pressures.

Second, short- and medium-term goals should be set in monetary policy. For instance, reducing inflationary price rises to 3 or 4 percent or even lower by the beginning of the 1990s, and at the same time reducing the growth rate of money supply appropriately. If such policies are not adopted, inflation will possibly run out of control, leading to long-term economic stagnation.

Third, in addition to short-term controls, there should be a long-term plan for the prevention of inflation and for sustained and stable economic growth. To achieve this end, it is necessary to effect three changes: from a speed-quantity development strategy to an efficiency-quality development strategy; from an economic system characterized by "everybody eating from the same big pot" to a self-contained economic system; from the traditional dual structure (co-existence of developed heavy industry and backward agriculture) to a modern integrated structure.

This is the only way to control and prevent inflation and embark on the road to long-term, sustained and stable economic development.

'Train of Thought' for Commodity Economy Viewed
HK1910015888 Beijing GUANGMING RIBAO
in Chinese 1 Oct 88 p 3

[Article by Wei Jie (7614 2638) and Zhang Yu (1728 1342): "New Train of Thought in the Study of Socialist Commodity Economy"]

[Text] Abstract: The relationship between the exchange of an equal amount of labor and the exchange of equal value is a key problem in the socialist commodity economy. The exchange of an equal amount of labor can be realized only through the exchange of equal value. The former is based on the subjective efforts of the laborers and the latter includes both the efforts and the objective productive conditions of the laborers. The relationship between the exchange of an equal amount of labor and the exchange of equal value, which is the unity of opposites, forms the basic contradiction of the socialist commodity economy. [end abstract]

At present, the study of the socialist commodity economy is mainly carried out around the relationship between planning and market, which has hitherto been regarded as the key problem of the socialist commodity economy.

In our opinion, although the study of the socialist commodity economy around the relationship between planning and the market is of great significance in opposing the pattern of centralization of power and emphasizing the roles of the market, we are still unable to really understand the characteristics and inherent contradictions of the socialist commodity economy if we only follow that unitary train of thought. First, planning and the market are ordinary forms of operations in the commodity economy under the condition of socialized mass production. They have different characteristics and operational laws under different social and economic systems. These differences are determined by specific socioeconomic conditions. Planning and the market themselves are not able to answer the questions such as why economic crises can take place in the capitalist commodity economy and why the capitalist market should take the average profit as a point of equilibrium. These questions cannot be settled by the market itself. Second, under different economic systems, there will be fundamental differences in the positions and roles of planning and the market and their interrelations. Planning and the market are also unable to explain these differences themselves. Last, under different forms of commodity economy, as commodity producers have different economic benefits and different objectives for operation, there are also great differences between their forms of operation. Likewise, planning and the market cannot give an answer to any questions concerning such differences. Obviously, if we only study the relationship between planning and the market, we will be unable to gain a clear understanding of the basic questions of the socialist commodity economy. Therefore, we must try to find a new theoretical support.

Where can we find it? Judging from the practice of developing the socialist commodity economy, we can find theoretical support from the contradictions between the principle of exchange of equal amount of labor of the socialist economy and the principle of exchange of equal value of the commodity economy.

Exchange of equal amount of labor is the most basic principle and demand of the socialist economy. It reflects the equal and independent economic relations of the laborers under the condition that the public ownership and the old distribution of work coexist. Its basic content is: The distribution and exchange among the laborers should take labor as the only measure and the average labor of the laborers and their average skill and work load as the criterion for measurement. The income of the laborers is only affected by the subjective conditions of production and not restricted by the objective conditions. Its demand is: The means of production should not participate in distribution and exchange. Neither enterprises nor individuals can obtain incomes by means of their superiority in the means of production without making subjective efforts. The principle of exchange of equal value is the most basic principle and demand of the commodity economy. Its basic content is:

The exchange and distribution among commodity producers should take equal value as its basis. In this connection, value, which is the basis of the exchange and distribution among commodity producers, is determined by the socially necessary labor-time, including both the subjective and objective conditions of production. Therefore, the principle of exchange of equal value demands that the means of production also participate in distribution and exchange. Obviously, the principle of exchange of equal amount of labor reflects the essence of public ownership, the system of distribution according to work, and other economic features of the socialist economy, and the principle of exchange of equal value reflects the basic principles and demands of the commodity economy. Therefore, in reality, the relationship between the socialist economy and the commodity economy is expressed in the form of a relationship between the exchange of an equal amount of labor and the exchange of equal value. The contradictions between them form the key problem of the socialist commodity economy. From this we can see that the relationship between exchange of equal amount of labor and exchange of equal value as reflecting the socialist commodity economy more essentially and more profoundly than the relationship between planning and market. The laws governing the operations of the socialist commodity economy and the relationship between planning and market and their special features and roles can be explained only through the relationship between the two exchanges. For this reason, we must regard the relationship between exchange of equal amount of labor and exchange of equal value as a basic lead for the study of the socialist commodity economy.

There is unity between exchange of equal amount of labor and exchange of equal value. The former can be realized only through the latter. But there are also contradictions between the two. Exchange of equal amount of labor is based on the subjective efforts of the laborers, excluding the participation of the means of production in the course of distribution and exchange. But exchange of equal value includes both the subjective efforts and the objective production conditions of the laborers. The means of production actually participates in the course of distribution and exchange. This unity of opposites between exchange of equal amount of labor and exchange of equal value forms the most basic contradiction of the socialist commodity economy. Then, how do we organically unify the two, in other words, how do we give full play to the roles of monetary relations of commodities and the law of value and generally realize the principle of distribution according to work? This is a fundamental question facing us in developing the socialist commodity economy. Judging from the contradictions between exchange of equal amount of labor and exchange of equal value, the socialist commodity economy has the following characteristics:

1. The economic benefits of enterprises have a dual character. Being ordinary commodity producers, the enterprises demand the exchange of commodities in

accordance with the principle of equal value. The general earnings after exchange are the economic benefits of the enterprises as ordinary commodity producers. However, the socialist public ownership of the means of production and the system of distribution according to work decide that the means of production and the surplus products should be owned by society. Laborers cannot own any other things except for the incomes from their labor (including wages, bonuses, and other concrete forms of income). The enterprises cannot turn the profits into their own economic benefits. They take maximizing profits as their target only because it can bring about an increase in the laborers' income. As profits and income are in the inverse ratio, without a reasonable distribution system and effective social supervision, the problems of swelling consumption funds and insufficient accumulation, rather than contradictions between the surplus accumulation in enterprises and the relatively insufficient social consumption which often appear in the capitalist enterprises, will inevitably emerge in the socialist enterprises. Meanwhile, the target of maximizing enterprise income shows that labor income is, in essence, a basic motivation for production and operation of the socialist enterprises and is, therefore, the most sensitive economic signal and most effective economic lever in the market.

2. The realization of economic benefits in enterprises is decided by market mechanism and the law of value as well as by the law of distribution according to work and the state policy on distribution of income. On the one hand, the economic benefits of enterprises and the income of laborers are decided by the value the enterprises have created and the general earnings from the market. On the other, the market can only realize the distribution according to value or prices and cannot realize it according to work. In order to make the income of the laborers basically match their actual contributions, the state has to use taxation, interests, and other economic means to regulate the course of distribution so that the differences in personal income resulting from the differences in external conditions can be eliminated and the economic benefits of enterprises can be related to the state policy on distribution of income. It is thus obvious that in the socialist commodity economy, it is difficult to realize interest equalization among producers and balance between prices and supply and demand merely by means of the market mechanism. Meanwhile, under the condition of distribution according to work, equal pay for an equal amount of labor is a reasonable demand of the producers. But if this demand is merely regulated by the market without a basis of rational distribution between the state and enterprises, it can easily bring about harmful consequences such as driving up prices, inflation, and going slow in work. Therefore, in the socialist commodity economy, a rational distribution relationship is the basis for giving full play to roles of market mechanism. The more rational the distribution relationship, the fuller the roles of market mechanism will be brought into play. In that case, the state does

not need to interfere in it too much. This will undoubtedly set a higher demand on the operations of market mechanism and bring about more difficulties for it. Of course, the market mechanism itself also restricts the distribution relationship. It is a concrete expression of the contradictions between exchange of equal amount of labor and exchange of equal value in the market.

3. There are new characteristics of competition among enterprises. The competition among socialist enterprises, which is a competition under the condition of the commodity economy, is carried out through prices and market and in accordance with the law of value. Apart from that, it must be carried out on the basis of equal possession of the means of production and equal taxation among enterprises. Only thus can competition be carried out around labor and operation.

4. The system of enterprises assuming sole responsibility for profits and losses in an original sense will no longer exist. This is because the enterprises are no longer owners of the means of production and cannot assume full responsibility for their profits and losses in production. If an enterprise goes bankrupt, it would be the individual laborers, rather than the plant director or society, who will suffer the losses. The system of enterprises assuming sole responsibility for their profits and losses under the condition of the socialist commodity economy, which we are now speaking of, refers to the fact that the economic benefits of an enterprise, which is a relatively independent commodity producer, must be related to its results. The profits and losses of the enterprise directly affect the labor income of the workers, and bankruptcy will make the workers temporarily lose their employment opportunity. Only in this sense can we really understand the position and role of the system of bankruptcy and the system of enterprises assuming sole responsibility for profits and losses under the condition of socialist commodity economy.

5. The accumulation of socialist enterprises has a dual character. In the final analysis, the accumulation of enterprises and the differential income resulting from enterprise accumulation (except for the increase in the complexity of labor brought about by new investments) belong to society, otherwise the principle of distribution according to work will be violated. But on the other hand, under the condition of the commodity economy, distribution according to work will inevitably bear the character of equal value. In order to mobilize the initiative of enterprises in accumulation and encourage them to make more investment, it is also necessary to let the enterprises retain a part of the differential income for a certain period of time. As for the returns from the investment by the laborers personally, most of them should be owned by the laborers themselves.

6. The law of socialist macroeconomic regulation is not the law of value or the law of average profits, but a law of the exchange of an equal amount of labor. Equal amount of income for equal amount of labor is a fundamental

basis of the socialist macroeconomic equilibrium and the center of market supply and demand, prices, competition, and the allocation of major productive elements. Meanwhile, the law of exchange of equal amount of labor also decides that the central task of socialist macroeconomic planning and regulation is not production or circulation but the distribution of the national income. Through regulating the distribution of national income, it will ensure the realization of a basic balance between general supply and general demand and the exchange of equal amount of labor, so as to create conditions for giving full play to the roles of the market mechanism.

The decisive role of the unity of exchange of equal amount of labor and exchange of equal value on the laws governing the operation of the socialist commodity economy and operation mechanism show that the relationship between exchange of equal amount of labor and exchange of equal value is the key problem of the socialist commodity economy. Only when we proceed from this key problem can we gain a profound understanding of the inherent contradictions of the socialist commodity economy and market mechanism, can we establish an economic structure to meet the demand of the socialist commodity economy.

GUANGMING RIBAO Views Economic Levers
HK1810130088 Beijing GUANGMING RIBAO
in Chinese 1 Oct 88 p 3

[Article by Sun Gang (1327 6921) and Chen Gang (7115 1511): "Basic Theoretical Questions Concerning Economic Levers—Roundup on the Second National Discussion Meeting on Economic Lever Theory"]

[Text] A heated debate concerning stabilizing the economy, deepening reforms, and building up a state-macro-economic regulatory [tiao jie 6148 4634] system by means of economic levers where the chief feature is indirect regulation and control [tiao kong 6148 2235] was launched at the Second National Discussion Meeting on the Economic Lever Theory.

Along with economic development, the deepening of reforms, and the strengthening of macroeconomic regulation and control, people's understanding of economic levers has also deepened.

The subject and object of economic levers. Concerning the subject of economic levers, most comrades tend to favor the state as the only subject. Their grounds are first, economic levers are by nature a macroeconomic regulatory and control measure, not a microeconomic one. Operation of economic levers is not a voluntarily initiated regulatory process, but a process of self-conscious regulatory action. It is one important means of correcting blind movements in market regulation. Therefore, economic levers do not come under the category of market regulation but are a form of planned regulation and as such they must be rooted in the overall national economy. Thus the operating subject can only be the

state and not the enterprises. Second, the operating subject of economic levers such as taxes, credits, and submitted profits and taxes has always been the state and cannot possibly be the enterprises. Regarding prices, a regulated price is one economic lever determined by the state. Though unregulated prices are determined by enterprises, they are not economic levers but integral parts of the market mechanism. At present, the wage lever performs its functions primarily through the state, which determines the total wage amount for enterprises and identifies the objects and ratios to which wages are pegged. Wage distribution in enterprises is within an enterprise's power and is an integral part of their internal incentive system. It is not an economic lever.

Some comrades suggested that the object of economic levers must be changed from the pattern whereby the state regulates the enterprises to one whereby the state regulates the market. Such a change is the key to building a new macroeconomic regulation and control system and without it, even if we succeed in building a regulatory and control subject and effecting a change in the means of regulation, it is still not possible to build a new macroeconomic regulatory and control system.

The nature of economic levers. Another viewpoint has it that economic levers take economic interests as the fulcrum, and stimulate and curb economic behavior and activities by affecting and regulating economic interests. Therefore, economic levers are an indirect, rather than a direct, regulatory means.

However, another viewpoint holds that economic levers do not necessarily mean indirect regulation. Regulation through economic levers can be effected in two ways: 1) Economic levers directly encourage enterprise sales and production activities; 2) Economic levers are taken as economic parameters. The former is direct regulation, while the latter is indirect regulation. Obviously economic levers can be direct and indirect regulatory means. The two are not mutually exclusive.

The forms and scope of economic levers. The universally recognized fundamental forms of economic levers in the past consisted of prices, taxes, credits, wages, and subsidies. The meeting participants unanimously agreed that profits (that is, those submitted to the state) are also an important economic lever as contract systems are popularized. The profit lever is a nonstandard regulatory means, and one of its major characteristics is high flexibility and adaptability. For a very long period in the past the profit lever has been a major means for regulating the allocation relations between the state and state-owned enterprises. The key element in the contract system mechanism is the full play given to the stimulating and curbing functions of the profit lever. Therefore the profit lever is one of the most fundamental means for state regulation of enterprise behavior.

Other than this, some comrades suggested that social security and depreciation rates should also be economic levers, because they also can affect economic activities through regulating economic interests.

Combined utilization of economic levers. Comrades who attended the meeting agreed that a combined utilization of economic levers implies three things: 1) Internal coordination. That is, the various functions of the economic lever itself coordinate with each other. The total effect of these various functions constitutes the specific regulatory power and scope of that economic lever. If these various functions are made to coordinate in their processes, so that all effects point in the same direction, the regulatory power of that economic lever will be multiplied. 2) Horizontal coordination. This refers to integration among economic levers. Every economic lever has its own superior regulatory contents and scope, constituting at once its strong points and limits. Therefore when we are taking one economic lever as the dominant approach, we need to back it up with other kinds of economic levers to compensate its shortcomings with the strong points of others. 3) External coordination. This means coordinating economic levers with other regulatory measures. This will include coordination of economic levers with other economic measures (such as economic contracts, the economic responsibility system, and the grading of famous and superior products) with administrative, legal, and education measures and so on.

The conditions under which economic levers can be given full scope. All the meeting participants agreed that in order to give full scope to the regulatory power of economic levers, certain conditions must be present. These are mainly: Practical development programs and guarantees of policy level; a sound socialist market system to fully introduce the competition mechanism; some financial reserves; a dynamic system that suits the planned commodity economy; a relatively sound socialist legal system; and sensitive and fast information channels and networks.

The relations between economic levers and market regulation. One viewpoint maintains that under the conditions of planned commodity economy, economic levers and market regulation are related to, and different from, each other. On the one hand both must operate according to the law of value. The operation of economic levers must make use of market mechanism and bring about the formation of the market through changing economic parameters and policies. Similarly, market regulation must also comply with the regulatory signals of economic levers, and use them to guide the production and sales activities of enterprises. On the other hand, the subject, object, and mechanism of economic levers are different from those of market regulation. The latter suffers from predetermined limits and this means that regulation through economic levers is on a higher plane than market regulation. It must compensate for the shortcomings of market regulation.

Another viewpoint holds that the state should regulate the market in three ways: 1) The state directly arranges and regulates market activities through planning; 2) The state controls the market mechanism by laying down and transmitting market signals in a systematic way; and 3) The state induces a quantitative change in the market through the regulation of economic interests by economic levers. Viewed in this way, economic levers are only one of the ways in which the state regulates the market.

Some comrades pointed out that both planning and market regulation cover the whole of society and there is no difference in their scope of regulation. However, they differ in their levels of operation and as such they can be distinguished.

Enterprise Changes, Price Reforms Viewed
HK1610070088 Shanghai SHIJIE JINGJI DAobao
in Chinese 19 Sep 88 p 12

[Article by Zheng Hongqing (6774 3163 1987): "Take Big Steps in Changing Enterprise Mechanisms and Small Steps in Price Reforms"—first two paragraphs are SHIJIE JINGJI DAobao introduction]

[Text] While tackling the most difficult problems concerning the reforms, it is always necessary to keep the transformation of enterprise mechanisms in a central position. With the deepening of the reforms, people have become more and more clearly aware that the interdependence and mutual supervision between owners, operators, and laborers are the cornerstone for the smooth operation of modern enterprises and the workings of a market economy. If we avoid the question of ownership but focus our attention on operational authority, we cannot fundamentally change the mechanisms of state-owned enterprises. The economic reforms in socialist countries have failed to yield the expected results mainly because they have failed in this connection to go beyond "the limit."

All those countries which have taken bold steps in readjusting and decontrolling [tiao fang 6148 2397] prices have almost without exception run into the problems of reversion to price parity [bi jia fu gui 3024 0116 1788 2981] on a higher level and increasingly serious inflation. This does not mean that the price reforms are unimportant. The point is that compared with the formation of market mechanisms, the transformation of enterprise mechanisms has greater fundamental importance. This is also not to say that we can do very little about the price reforms. The point is that we should not expect too much from regulating and decontrolling prices. Prices can be straightened out only gradually and in step with the replacement of enterprise mechanisms and economic mechanisms.

The reforms carried out by socialist countries have all shown that traditional systems and systems that have undergone "half reforms [ban jie zi gai ge 0584 2066

1311 2395 7245]" are completely out of tune with the determination of prices by the market. All those countries which have taken bold steps in readjusting and decontrolling prices have almost without exception run into the problems of reversion to price parity on a higher level and increasingly serious inflation.

The most important problem here is that it is difficult to overcome interest rigidity [li yi gang xing 0448 4135 0474 1840] and structural rigidity. Under the conditions of token ownership [suo you quan xu zhi 2076 2589 2938 5711 4999], loose financial controls, a general shortage of goods, and restricted market competition, most state-owned enterprises generally would neither try very hard to reduce costs nor voluntarily absorb the increases in the prices of goods and materials required for production. They generally prefer to shift their burdens onto the state and consumers by raising selling prices and by reducing their turnovers in the form of profits and taxes to the government. Whenever circumstances permit, enterprises would give their staff members and workers excessive subsidies, with the result that wage increases always exceed the growth of labor productivity and wages and prices go up alternately. Furthermore, state-owned enterprises that are doing poorly are basically impossible to weed out, the key elements cannot flow or regroup in accordance with market trends, it is extremely difficult to make structural adjustments, and the price lever is prevented from effectively stimulating supply and curbing demand. Thus, it can be seen that if enterprise mechanisms remain unchanged and if we cannot put an end to interest rigidity and structural rigidity, the price reforms will certainly not have much of a future.

This does not mean that the price reforms are unimportant. The point is that the transformation of enterprise mechanisms is more fundamental compared with the formation of market mechanisms. This is not to say that we can do very little about the price reforms. The point is that we should not expect too much from regulating and decontrolling prices. Prices can be straightened out only gradually and in step with the replacement of enterprise mechanisms and economic mechanisms.

At present, imbalance and chaos in economic life are most tellingly revealed by the accelerating inflation. The government must adopt a retrenchment policy and try to improve conditions. Our problem is that over the past 2 years, there have been important changes regarding the causes of inflation, and the effects of excessive consumption have overshadowed the excessive enthusiasm for investment, thus becoming the most salient issue. In substance, this is a reflection of the absence of self-control mechanisms in enterprises. If the problem of enterprise mechanisms remains unresolved, regulation and control [tiao kong 6148 2235] by administrative and economic means will be ineffective. In this way, the only "immediately effective" thing that can be done by the government would be the curtailment of investment. If it can "resolutely" curtail investment, it is still possible to bring about a transient "relaxed environment" at the

cost of delays in the formation of production capabilities and checked increases in follow-up supplies. In this way, however, personal monetary income will not be significantly reduced. Furthermore, the government cannot keep curtailing investment all the time because things will "rebound" as soon as it stops doing so. All this tells us that whether logically or practically, any curtailment that is not coupled with the transformation of enterprise mechanisms is just a starting point for further and more serious inflation.

Suppose a retrenchment policy which features major cut-backs on investment is effectively implemented. In the months following May and June next year, building construction enterprises and enterprises engaged in the production and installation of facilities and equipment will generally be operating under capacity; tight money will lead to defaults between enterprises and a shortage of working funds, with the result that manufactured goods products are kept in stock a long time and the debts chain suffocates enterprises with poor economic results as well as those with good economic results; and stalling industrial growth will lead to drastically reduced revenues (according to empirical data, with an industrial growth rate below 7 or 8 percent, growth of revenue becomes zero or negative), and pressure from localities and enterprises will grow. By that time, will we be able to resolutely counteract this pressure and can we hope to do away with the malign cycle of "inflation—retrenchment—further inflation"?

While tackling the most difficult problems in the course of the reforms, it is always necessary to keep the transformation of enterprise mechanisms in a central position. In addition, with the deepening of the reforms, people have become more and more clearly aware that the interdependence and mutual supervision between owners, operators, and laborers are the cornerstone for the smooth operation of modern enterprises and the working of a market economy. If we avoid the question of ownership but focus our attention on operational authority, we cannot fundamentally change the mechanisms of state-owned enterprises. The economic reforms in socialist countries have failed to yield the hoped for results mainly because they have failed in this connection to go beyond "the limit." Proceeding from the country's present actual conditions, the country can steadily move ahead in the following four directions:

Work along the lines of "outward push" and "external stimulation" simultaneously and gradually reduce the state-owned sector of the economy

"Outward push" means the extrication, through paid transfer of assets, of the majority of small enterprises from the state-owned sector of the economy. This is a fundamental way to replace enterprise mechanisms and to eliminate the problems caused by the practice of "eating from the same big pot" and the phenomenon of "iron rice bowls." Although this may seem unimpressive at present, the accumulation of money by "potential

buyers" and the changes in the sociopolitical climate may turn it into a major trend. We should moved ahead. It is suggested that the committee for structural reforms [ti gai wei 7555 2395 1201] and the Ministry of Finance immediately start calculating the floor prices of assets and considering arrangements for workers and staff members and the question of how to use the income earned from auctions. In addition, they should also formulate specific measures for carrying out all this and work out preferential treatment policies that are attractive to both Chinese and foreign buyers. In various parts of the country, the finance departments and the departments in charge of enterprises can form organizations to represent state ownership and to be responsible for making preparations and auctioning and merging small state-owned enterprises.

If we accept "cash" only in selling both large and small enterprises, it is unlikely that we can sell many of them. Thus, in addition to fixing preferential prices for assets, we can adopt the following two measures: First, we can let people "buy first and pay later." This means that we can first transfer property rights and then ask the buyers to pay by installments. Second, we can "lease first and sell later." This means that we can first let private individuals (and their natural partners) run the enterprises on a lease basis and then let them buy these enterprises by installments with the money they have accumulated.

"External stimulation" means efforts to expand nonstate ownership in relation to the entire ownership structure by facilitating the healthy development of the nonstate-owned sector of the economy. In the 10 years following the introduction of the reforms, many cooperative and private enterprises that are completely subject to market regulation have come into existence, exhibiting great vitality, which state-owned enterprises lack. However, regarding social status and operational conditions, they are still suffering from discrimination. In addition, it often happens that their legitimate rights and interests are infringed on. On the other hand, however, their financial systems are still very defective and they do not care much about abiding by law or professional ethics. Unfortunately, government management is quite ineffective. All this helps some people make money by improper means and yet discourages them from investing money and starting their business. Their money is therefore channelled into extravagant consumption, which produces very undesirable social effects [she hui xiao ying 4357 2585 2019]. Now, it is necessary to clearly define the legal status of nonstate-owned economic entities and, in particular, private enterprises, to raise their social status, and to prevent people from using their power to blackmail others. In addition, it is also necessary to strengthen the management of nonstate-owned economic entities and to tell them to operate within certain limits. So long as they pay taxes accordingly and operate in accordance with law, they will be treated like everyone else in applying for loans and in operating in

the market. In addition, they will have support in fair competition with state-owned enterprises and in playing a role in developing the socialist commodity economy.

Energetically expand the scope of experimentation and facilitate the transformation of large and medium state-owned enterprises with the proper conditions into limited incorporated companies under mixed ownership with shares held by the state

The histories of various developed countries in the past 100 years or so tell us that as an organizational form, limited incorporated companies can most efficiently raise capital and facilitate the flow of capital and the separation of ownership and operational authority, thus meeting the requirements of modern commodity economies and socialized mass production. One of the main goals of the country's enterprise reforms should be to turn the majority of its large state-owned enterprises into incorporated companies.

Thanks to the inquiries conducted over the past few years, the state-owned enterprises and companies' prospects have become increasingly clear: First, the state's administrative-managerial authority will be completely separated from its ownership of assets. At central, provincial, and cities levels, national property administrations will be established. Under these national property administrations, some competing national property management companies will be established to exercise, on behalf of the state, the rights of the state as a share holder. The proportion of shares of enterprises held by the state will depend on the types of business these enterprises are conducting and the state can sell their shares whenever it deems it appropriate. The remaining shares will be held by social organizations, outside enterprises [wai bu qi ye 1120 6752 0120 2814], individual investors, staff members and workers of these enterprises, and other parties. They will each enjoy rights and take up responsibilities according to how much money each of them contributes. Representatives of share-holders will organize corporate legal entity organizations (boards of directors), openly select managers, and let these managers be fully responsible for day-to-day business.

At present, conditions for the all-around application of the joint-stock system are still nonexistent in the country. However, in some coastal areas, where commodities and credit systems are more common, and in some large cities in the interior, the conditions are favorable for the expansion of the scope of experimentation. In view of various restrictions, large and medium enterprises can first become limited companies which do not openly issue shares and whose shares, which will be sold within themselves, cannot be easily transferred once they are sold. To ensure that the joint-stock system will develop along the correct path from the very beginning, at present it is necessary to concentrate our energy on supplementary measures and preparations. An urgent

task now is to provide a legal framework for the joint-stock system by formulating corporate laws and various stock exchange laws and regulations as soon as possible. It is necessary to establish and perfect accounting firms and property valuation, audit, and notary service organizations and to set up secondary stock exchanges [er ji gu piao shi chang 0059 4787 5140 4384 1579 1034] in a few large cities. The state should give support in terms of policies and enterprises practicing the joint-stock system on a trial basis should be entitled to lower income tax rates.

In the near future, we still cannot have medium enterprises that practice the joint-stock system. Most of them should switch from the contract system to a "system of laborers' collectives undertaking to run enterprises on a lease basis [lao dong zhe ji ti cheng zu zhi 0525 0520 5074 7162 7555 2110 4436 0455]"

Although the contract system has contributed something positive, however, because of its limitations, it cannot become the target pattern for enterprise reforms. Since the joint-stock system cannot be fully implemented in a short time, the system of "laborers' collectives undertaking to run enterprises on a lease basis" should be a realistic and advantageous alternative.

Roughly speaking, the idea of the "system of laborers' collectives undertaking to run enterprises on a lease basis" is to separate enterprises from the fixed assets bought with direct state investment and development funds, which are derived from after-tax profits, and to let enterprise laborers' collectives lease enterprises from the state, which collect rents in accordance with contracts. The fixed assets minus these enterprises and the fixed assets made available in the future by enterprise investments will belong to laborers' collectives (they can also buy from the state the fixed assets leased to them). In this way, the enterprises' sole duty to the state would be to pay rents and they can operate independently and will assume sole responsibility for their own profits and losses. Organs representing the laborers' collectives will openly select managers, give them full power to manage day-to-day business, and fix their salaries.

The most important question here is that the amounts of rents should be fixed reasonably. We can, according to different profit rates on capital, divide the whole country into several regions, calculate the average profit rates on fixed assets for various trades in these regions on the basis of statistical data collected over the past few years, and calculate the exact amounts of rents by multiplying these average profit rates by the original value of the fixed assets leased to the enterprises.

The lease system is apparently superior to the contract system. First, under the former system, the relationship between the state and enterprises will become a simple, standardized relationship comparable to that between a lessor and his lessees, and ownership will be distinctly separate from operational authority. Second, since the

wages of staff members and workers will be related to the enterprises' actual economic results, these staff members and workers will be fired with enthusiasm and have a stronger sense of responsibility; and since added assets will go to enterprises, incentive mechanisms will become more powerful. Furthermore, the practice of calculating rents according to different average profits rates for different trades in different regions is a more scientific way of doing things and it can put an end to differential income and the practice of asking still more of enterprises that are already profitable, thus facilitating fair competition between enterprises. An even more important point is that the lease system not only will not give rise to major obstacles to further reforms, it will, as a result of the separation of state property from enterprise property, create favorable conditions for the implementation of the joint-stock system, which feature well defined property rights.

Under the lease system, labors collectives' ownership rights will be strengthened. However, will it make enterprises close themselves to others and impede the flow of the key elements of production? This is possible. However, one must not overlook the fact that enterprises operating under the lease system will not exist in isolation. They will coexist with a large number of joint-stock enterprises and private enterprises that have great vitality and reasonable mechanisms. In the context of intense competition, enterprises operating under the lease system will have to make adjustments if they are to survive. These enterprises are very different from the Yugoslav workers' autonomous enterprises [zi zhi qi ye 5261 3112 0120 2814].

While concentrating energy on establishing a society-wide unemployment insurance system, we should at the same time stress the great power of the bankruptcy and unemployment mechanisms

Now it is commonly said that bankruptcy and unemployment are the two most powerful weapons for combating laziness and stagnancy. However, it is extremely difficult to use them. The main problem is that under the current system, all welfare and security benefits come with employment. One's basic living conditions will no longer be insured as soon as one loses one's job. Under this circumstance, bankruptcy and unemployment will not be acceptable to society but will remain idle talk.

To set the bankruptcy and unemployment mechanisms in motion, it is necessary to speedily establish an unemployment insurance system so that we can keep those laborers (including ones working with state-owned enterprises) who have lost their jobs basically provided for and help them acquire training and get new jobs. Enterprises should be free from these matters. We should let unemployment insurance foundations, which have yet to be established, handle them. In principle, unemployment insurance funds should mainly be contributed by enterprises and workers on a compulsory basis. However, to establish an unemployment insurance system in

a short time, it is necessary for the state to advance a basic sum of money first. However, in view of the state's financial difficulties and its difficulties in listing this sum in the budget, it can only do so by selling some state property rights. Part of the money it earns from auctioning small enterprises should go to the unemployment insurance foundations. In addition, it also can directly transfer some of its shares to these foundations. Since accumulations by employees form part of the state-owned enterprises' assets, this practice is justified economically. At a small cost, we get a system that is indispensable to the working of the socialist commodity economy. This is worth it.

Official on Self-Examination of Price Inspection
OW1810121888 Beijing XINHUA Domestic Service
in Chinese 1240 GMT 17 Oct 88

[By reporter Chen Yun]

[Text] Beijing, 17 Oct (XINHUA)—A senior official of the State Administration of Commodity Prices' Inspection Section told reporters today that it is necessary to take the initiative in examining implementation of the price policies and report any violation to higher authorities during the ongoing general inspection of commodity prices. Localities and departments that conduct strict self-examination and report any violation found to higher authorities will be given light punishment; those that do the job perfunctorily and are later found to have violated the policies will be punished severely.

According to the official, the State Administration of Commodity Prices on 15 October notified all provincial, autonomous regional, and municipal people's governments, and all ministries, commissions, and organs directly under the State Council to examine implementation of the policies regarding prices and fees controlled by relevant departments under the State Council, and report results of the examination to higher authorities before the end of November. All localities and departments should mainly examine themselves in the following areas: whether each locality or department has overstepped its authority in fixing or readjusting prices; whether state unified price ceilings for capital goods produced outside the plan have been enforced; whether the same commodity is sold at two different prices inside and outside each province (municipality); whether there exist self-designated "special price zones," "special price factories," or "special price stores;" and whether unauthorized fees are collected or fees are raised in violation of state regulations.

Special Zones' Foreign Exchange Power Reduced
HK1710040688 Hong Kong WEN WEI PO in Chinese
15 Oct p 2

[“Dispatch” by a WEN WEI PO reporters' group: “The State Council Decides To Abolish Preferential Treatment for Special Zones in Retaining Foreign Exchange”]

[Text] Beijing, 14 Oct—Today Ji Chongwei disclosed at a talk held by a group of WEN WEI PO reporters in Beijing, that the State Council had decided to abolish

preferential treatment for the retention percentage of foreign exchange earned by special zones and to exercise the same policy as in the rest of the country, so as to remove unequal factors in competition.

In the past, he added, special zones could retain 100 percent of their foreign exchange earnings whereas other regions in the country could retain only part of their foreign exchange income. So special zones could send people to hinterland regions to buy whatever they liked even at higher prices than others. Then special zones would export what they had purchased from hinterland regions to make foreign exchange profits. Subsequently, this situation changed: Instead of special zones sending people to hinterland regions to buy, hinterland regions took the initiative in transporting their commodities to special zones for export, because in doing so these hinterland regions could earn 95 percent of foreign exchange. Bringing about price increases in the hinterland while lowering export prices, this actually affected the state's foreign exchange activities and disrupted the domestic market. Therefore the State Council made up its mind to abolish the 100 percent profit retention practice in special zones and to introduce a 20:80 retention ratio, a method implemented in the rest of the country. The CPC Central Committee has ordered to rectify some companies. Apart from the Kang Hua company, people abroad were also concerned about the China International Trust and Investment Corporation. Jing Shuping, executive director of the corporation, said that the corporation has developed very fast. Companies to be rectified are those set up after 1986, he pointed out adding that the corporation was no problem. However, the corporation is carrying out rectification of its own accord for the purpose of its further development.

Professor Yang Qixian said that the deflation policy the country introduced not long ago has produced some effects. For example, the total bank deposit dropped by 2.6 billion yuan in August this year but rose by about 1 billion yuan in September. Tong Dalin pointed out that governments at all levels are now paying attention to problems in the circulation system. Take Beijing for example. Mayor Chen Xitong has taken the lead in resolving the case of the "government subsidizing speculating officials."

Profiteering Resales at Trade Fair Exposed
OW1810112688 Beijing XINHUA Domestic Service
in Chinese 0156 GMT 16 Oct 88

[Article by XINHUA reporter Zhu Youlin: "A Thought-Provoking Material and Information Trade Fair"]

[Text] Beijing, 16 Oct (XINHUA)—Reporters recently attended an autumn material and information trade fair in Beijing. Participants at the fair included leaders and staff members of materials departments, supply and marketing cooperatives, and trade centers of more than 100 counties (cities) of China's more than 20 provinces,

municipalities, and autonomous regions. Supply and demand information compiled by the organizer of the trade fair was displayed on the main building's back wall:

Low-pressure polyethylene (Daqing product)	9,500 yuan per metric ton
high-pressure polyethylene (made in U.S.A.)	9,800 yuan per metric ton
polypropylene (Beijing product)	9,950 yuan per metric ton
18-inch color televisions	2,800 yuan per set
155-cubic-liter Wanbao three-star-class refrigerator	2,700 yuan per unit
170-cubic-liter four-star- class refrigerator	3,100 yuan per unit
urea (46 percent contents)	1,140 yuan per metric ton

----- [XINHUA ellipses]

Large crowds of people gathered in front of the supply and demand information display where they could find sources of some commodities in short supply in the market, such as thin rolled steel plate, round steel, wire rod, and electrolytic copper. The sellers asked for high prices because they regarded their merchandise as rare commodities. Aspiring buyers could not afford the high prices, which were much higher than the ceiling set by the state and some of which were twice or even several times as much. For instance, there was displayed: "Nickel is sold at 120,000 yuan a metric ton. The price has exceeded 120,000 yuan in a few localities. The price of aluminium ingots has increased to 9,800 yuan a metric ton and is continuing to rise. The Tongling and Shandong Nonferrous Metal Companies have raised the price of first-grade crude copper from 4,950 yuan to 6,200 yuan a metric ton. The Shenyang Smelting Plant and the Shanghai No 1 Smelting Plant have raised the temporary factory price of first-grade electrolytic copper from 5,500 yuan to 6,600 yuan a metric ton. -----"

It is the good intention of the sponsor to let state-run material supply and marketing organizations contact each other directly, exchange information with each other, and help supply each other's needs in order to reduce the middleman's exploitation. Nevertheless, there weren't many transactions at the fair. Why? The deputy director of a county materials department said: Many fair participants are from grass-roots materials organizations. In the last few years the planned supply to grass-roots supply and marketing organizations has become less and less. Materials in short supply come from the higher levels and are resold repeatedly level by level down to the grass-roots level with price increases

after each resale. Since grass-roots supply and marketing organizations serve users and consumers directly, we have to sell the materials and consumer goods to enterprises and consumers at high prices if we buy them at high prices. The supply and demand information on display can help us track down those "official profiteering resellers" and "private profiteering resellers."

At the trade fair some grass-roots supply and marketing organizations' offers also show their "profiteering resale" intentions. A county materials bureau with annual business volume exceeding 100 million yuan posted a supply note which read: "For sale: 30 212-L Beijing Jeeps and 10 Biaozi 505 cars." It also displayed a demand request which read: "Wanted: 50 212-L Beijing Jeeps and 30 Biaozi 505 cars - - - ." Of course the prices are decided in face-to-face negotiations. It is thought-provoking that one wants to sell immediately some commodities which are in short supply, and at the same time wants to buy more of them. An information section chief of a Henan City materials bureau said: The functional responsibility of our material supply and marketing departments is to buy and sell. But the present problem is that materials are sold and resold back and forth among different departments for "high profits" for a long period after they leave the factory and before they reach users.

In the course of improving the economic environment and rectifying economic order, it is imperative to rectify grass-roots materials supply and marketing organizations' operating styles and seriously eliminate "official profiteering resellers."

Commentary Assesses Agriculture, Rural Reforms
HK1810102288 Beijing NONGMIN RIBAO
in Chinese 30 Sep 88 p 1

[Commentary by contributing correspondent: "Take a Correct View of the Agricultural Situation, Continue To Deepen the Rural Reforms"]

[Text] After several years of rapid growth, the production of staple crops such as grain and cotton has become bogged down.

There are many comments about this at home and abroad. Some hold that the wave theory applies to China's agricultural production, some believe that China's agricultural production has stagnated, or that it has shrunk, or that the agricultural input was not enough, while others maintain that abnormal growth has been replaced by normal growth. This is an important question? How should we approach this question?

I

In our opinion, a correct conclusion regarding China's agriculture can only be drawn from an analysis of the short-term and long-term situations.

From a long-term point of view, China is a country with limited agricultural resources, and its land resources, water resources, and other resources are in short supply relative to its population. The strain underlies the grim situation. The difficulties in agriculture, in grain in particular, may persist, and we cannot afford to lower our guard at any time. The present and next generations of Chinese people must continue to strive for food and clothing, and we cannot progress until we lead a secure life. Comrade Deng Xiaoping stung to the quick when he told foreign guests that if anything goes wrong in the 1990's, it is likely to be in agriculture.

This problem, however, cannot be assessed this way from a short-term point of view. We can now produce approximately 800 billion jin of grain every year, with per capita grain yield reaching over 700 jin. The figure is not high, but it can prevent the country from getting into great trouble. We have met with great problems with regard to grain since liberation, when the per capita grain share stood at 400 to 500 jin. The current problem does not lie in grain share, but in fodder; not in bread, but in meat; and not in shortage of grain, but in the desire for lower payment for food. For the government's part, it wishes to provide the people with better food, but it cannot afford the financial subsidies.

Therefore, from a long-term point of view, China faces shortages of resources in terms of its population, which is a problem of limited resources, and the solution lies in more investment; but from a short-term point of view, China is confronted with problems of systems and policies, and the solution lies in deepening the reform and readjusting the policies.

Certainly, a solution to the long-term problem is inseparable from that to the short-term problem. As everyone knows, the solution to limited resources mainly lies in increasing output by making use of improved varieties, plastic sheeting, weedkillers, and other biological means. This calls for the input of science and technology, industrial energy, and other materials; and increased input, in turn, relies on rationalizing economic relations and improving the economic mechanism. In Tonghua Prefecture of Jilin Province, the peasants are more enthusiastic in growing grapes and ginseng than in growing grain. What is the reason? Some people say in fun that the relations of grapes and ginseng have been rationalized, while those of grain have not. Therefore, if we do not improve the economic mechanism and rationalize economic relations, increased input and agricultural growth will be out of the question. Some people blame the peasants for their short-term behavior and for not engaging in large-scale grain cultivation. This criticism is unfair. A quick response by the peasants to price signals issued by the market is not only rational, but also a most welcome thing. If not for this kind of response,

what are we introducing reform for? It is for the purpose of changing the apathy toward market signals that we are implementing reform of the people's commune system. We hope to change the peasants into commodity producers who make their own management decisions and are able to make sensitive responses to market signals. Assuming sole responsibility for profits and losses when they are engaged in commodity production, the peasants have to send their products to the market in exchange for currency to get compensation for their materialized labor and human labor, and they have to compare the profits accrued by different products and the costs and rewards of a given product before they make any production plan. They are only interested in a paying proposition.

Fundamentally speaking, if we do not rationalize price relations and the economic mechanism, and do not further endow managing bodies with the right to act on their own, we will not succeed in increasing input. At present, some comrades consider the decreased investment in agriculture, in staple crops such as grain in particular, a problem arising from erroneous thinking. They say: You talk about agriculture being the foundation of the national economy every day, but you contradict yourselves when you are supposed to invest in agriculture. This accusation has something to recommend it, and our understanding has to be deepened and improved. But since the national economy has been set on a course of commodity economy, the problem of increased input cannot be solved by any thinking invented in our minds, nor can it be solved by administrative means. It can only be solved by rationalizing the price mechanism.

II

How should we proceed with the reform now? What problems should we pay attention to? How should we rationalize economic relations? Some feel that there is insufficient transparency of political processes.

For the first step of reform, we replaced the people's commune ownership system, namely, the three-level ownership system of the means of production—ownership by the commune, by the production brigade, and by the production team, with the last as the basic accounting unit—with a system based on peasant households as management units, making them commodity producers operating on their own. For the second step, we proceeded from production to the intermediate links, consolidating the peasants' right to act on their own by implementing price and circulation systems reforms. As far as commodity economy is concerned, circulation is an extension of production. Now that the peasant is an independent commodity producer, his independence should find expression in his being free to sell his products in any market, and to set the prices for his products through comparing prices in different markets. Only when the peasant is allowed to do so can he be said to really enjoy the right to act on his own. If marketing

channels are blocked, you set the price and claim that the peasants have turned into commodity producers, but they argue that their independence is imperfect or that they are not really independent. The second step, in this sense, provides great transparency. That is, during this step, we continually subject prices to market forces, and promote commercialization, division of labor based on specialization, and coordination among different professions. As peasant households are engaged in rather small-scale operations, they need the services provided by the socialized services system, or they themselves take part in the large-scale socialized production system as a link in the system. But why is it that some comrades still complain of less accessibility? That is because the practice by which we subject prices to market forces has encountered great difficulties, complicated relations, and traditional obstacles developed over a long period in the past. It takes time to solve these problems, and various forms and ways are called for. We have got into difficulties in this process, and proceeded comparatively slowly. The original relations between industry and agriculture, and those between town and country with respect to staple crops such as grain, cotton, and oil-bearing crops in particular, directly contracted market economy and commercialization. Under the circumstances, it is not easy to remove these obstacles and reduce social unrest. So, is the second step workable or not? The road, nevertheless, will be open sooner or later, because economic development will clear the way for itself, and all artificially imposed obstacles will be got over as the economy presses ahead. We should have faith in this prospect.

To make a success of the second step for rural reforms, we should solve three problems: 1) We should ensure that the market functions with commodity producers as its mainstay, and that the peasants are able to adapt themselves to changes brought about by the market economy. 2) We should further develop the market mechanism, further rationalize price relations, and do a good job in formulating and implementing price policies. To achieve this, we should set up intermediate organizations, including material hardware and software [wu zhi xing ying jian he ruan jian 3670 6347 1840 4289 0115 0735 6516 0115]. 3) We should have sound state regulation. We cannot develop a market mechanism properly without state regulation. To have sound state regulation, it is necessary first of all to separate the management system from the regulation system, and also to separate funds. We should initiate exclusive social security funds, and in some areas state reserves.

In short, we should introduce reforms in various aspects, ranging from the structure of the main body, the development of the market—including setting up intermediate organizations and formulating regulations for circulation—to the state regulation system. In other words, we

should look at the problems against the whole development process of commodity economy. It is inadequate to pay attention to one sector or one field, neither will it be successful.

When natural economy is giving way to commodity economy—that is, when a new system is replacing the old, we have to implement a “dual-track price system,” especially for important products such as iron and steel, fuel, and grain, because of the defective market mechanism and lack of strict and effective administration. Grain, as a special product, cannot be left totally to the mercy of market forces in any country, including developed capitalist countries, and a certain administrative intervention and control is needed. Since grain is a commodity, we should act according to the law of value in this regard. But grain is also a special commodity, and has special characteristics. Therefore all countries introduce some security measures with regard to grain. Ours is a socialist country, and we need security measures all the more.

III

Improving the economic environment and rectifying the economic order are designed for the countryside as well as cities.

This is a major problem. We cannot do anything properly without a sound economic order. For instance, there have been a lot of problems with peasants doing business in other provinces since commodity economy was introduced. In the past, if a native of Sichuan or Zhejiang was found in a city of Guizhou or Fujian, he would be asked to register first, and then, labeled as an “arbitrary vagrant,” he would be detained and sent home. Now that we are engaged in commodity economy, how can you prevent peasants from doing business in other places? But once they go out doing business, a lot of problems ensue: Who will take care of them? What schools will their children who go along with them attend? Will the banks allow them, a big bundle of banknotes in hand, to open an account? At the same time, some people avail themselves of the loopholes in the market mechanism, rules and regulations, and inexperienced administrative personnel, and even go so far as to violate the law and discipline to make windfalls. Along with them emerge some “official profiteers” and embezzlers. Therefore, we must improve the economic environment and rectify the economic order. We should build a new order in the production, circulation, consumption, and distribution sectors in accordance with the requirements for developing commodity economy.

Theoretically, we should solve two problems in earnest in order to build a new order of commodity economy: One is whether commodity production is short-lived or will last a long time. If it is short-lived, it is not necessary to build a new order.

Traditional theory regards capitalist commodity economy as the highest or final stage of commodity economy in the historical development of human society, and also holds that socialist revolution puts an end to commodity economy. As a result, the authorities in socialist countries, after the revolution, have tried their best to limit and eliminate commodity economy with a cage, a basket, a rope, or a stick, instead of expanding it and improving market relations. Now our practices have proved that commodity relations and currency relations cannot be eliminated. The more developed the division of labor, the more different kinds of labor in need of exchange, the more we need to turn concrete labor into abstract labor. The market will develop and improve step by step through practices of price accounting, comparison, and examination.

The distribution of social products relates to commodity economy. According to the analysis made in “Critique of the Gotha Program,” a total of six kinds of expense, including production costs and expenses for common satisfaction, should be deducted from social products before they can be distributed to individuals. We have followed this line since we scored victory in the socialist revolution. We cannot negate this practice, but we now face a problem: What do individuals do with the money they get after deducting all those expenses? They spend the money on food, clothing, movies, color televisions, and showy clothes. They no longer care about expanding production, collective welfare services, and the education and advancement of the next generation.

A problem results from the above practice: Should deduction come before distribution, or should social products be distributed to individuals first so that they will be able to reinvest what they get in production for redistribution later? The answer now is clear. Under our existing system, since we have cadres to take care of the collective interest, no individual will concern himself with future development. This, as a result, instead of contributing to social development, will only do harm to development. To change the status quo, we should reform the distribution system, enabling individuals to reinvest the portion they deserve in production. We should make this cycle work, otherwise we have no way out. Though we have been engaged in socialist construction for several decades, this remains our weak point. At present, we should distribute more to individuals, and shift our attention from individual distribution to investment. That is why we are talking about the shareholding system and individual investment. Have not we often kicked up a row when we tackle issues relating to rural development? Have not some people complained that we have never had more to eat? It seems that we should adopt a new approach to deal with this problem. How will commodity production fare? How should we treat the individual portion distributed? Not until we have done a good job in solving these problems can the initiative of the masses be better brought into play, the whole society be more revitalized, and the commodity economy and market mechanism be developed and improved.

Low Rainfall in Northwest To Affect Power Output
OW1710052088 Beijing XINHUA in English
0242 GMT 17 Oct 88

[Text] Beijing, October 17 (XINHUA)—The upper reaches of the Yellow River, China's second longest, has almost dried up because of the lack of rain during what would normally have been this year's "summer wet season."

As a result, officials fear that the area will suffer a 25 percent cut in electricity.

According to a report in today's "PEOPLE'S DAILY," a hydrological survey shows that water reserves at a major reservoir on the upper reaches of the river stand at 8.68 billion cubic meters, 4.3 billion cubic meters below the average level.

The water shortage will affect electrical generation at the northwest electric network, 50 percent of whose electricity is generated by water power, according to officials from the Northwest Electricity Administration Bureau.

This means that the northwest region will be short of 25 percent of the electricity supply needed to accommodate local industrial and agricultural production, the paper quoted an official as saying.

"The 1.13 million hectares of arable land will face insufficient irrigation," he said.

The official called for a strict control of electricity consumption to ensure farm irrigation.

KEXUE BAO To Change Name in 1989
OW1710131288 Beijing XINHUA Domestic Service
in Chinese 0309 GMT 15 Oct 88

[TEXT] Beijing, 15 Oct (XINHUA)—"KEXUE BAO" [4430 1331 1032 SCIENCE NEWS] which has existed for almost 33 years will change its name to "ZHONGGUO KEXUE BAO" [0022 0948 4430 1331 1032 CHINA SCIENCE NEWS] effective next year.

"KEXUE BAO" is a newspaper sponsored by the China Academy of Sciences. For a long time, "KEXUE BAO" has been reporting, at a high level, on important scientific research results and developments in science and technology both at home and abroad. It has, on a wider scale, also reported on the current situation and outlook in the various natural science disciplines in China. Its authority in reporting as well as its authenticity and reliability for scientific and technological news have long been praised by readers.

According to sources, after "KEXUE BAO" changes its name to "ZHONGGUO KEXUE BAO" it will continue to maintain its original characteristics and will broaden the contents of its reporting. This will enable it to become a link between science and technology on one hand, and society, economics, culture, and education on the other. This will also enable it to make new contributions to the promotion of scientific and technological restructuring, and the propagation of the party's policies and principles on science and technology.

East Region

Spiritual Civilization Meeting Opens in Anhui

OW1810150588 Hefei Anhui Provincial Service
in Mandarin 1100 GMT 16 Oct 88

[By reporters Ma Zhimin and Wang Siwei]

[Excerpt] The second national meeting on exchanging experience in building spiritual civilization in cities opened in Bengbu City on 15 October. The meeting is jointly sponsored by Sanming, Shashi, and Bengbu Cities.

Present at the meeting were (Li Tanghua), deputy secretary general and concurrently director of the Propaganda Bureau of the Propaganda Department of the CPC Central Committee; Yang Yongliang, member of the Spiritual Civilization Teaching and Research Section of the Propaganda Department of the CPC Central Committee and deputy secretary of the Anhui Provincial CPC Committee; Niu Xiaomei, member of the Standing Committee, vice chairman of the Commission on Promoting Spiritual Civilization, and director of the Propaganda Department of the provincial CPC Committee; Yang Daode, secretary of the Bengbu City CPC Committee; and Xu Jingren, Bengbu mayor; as well as officials concerned from the PLA General Political Department, the Ministry of Public Security, and the headquarters of the Chinese People's Armed Police Force.

To promote spiritual civilization in cities is a new assignment put forth in the course of reform. It is also a social systems engineering project involving a wide range of areas. The central topic on the meeting agenda is how to orient the building of spiritual civilization toward serving the new tasks laid down by the party Central Committee to improve the economic environment, rectify the economic order, and deepen reform in all fields. The meeting participants will exchange their experiences in promoting spiritual civilization in cities in light of this central topic in order to promote mass spiritual civilization in breadth and depth.

(Li Tanghua) spoke at the general meeting on 15 October; and leaders from Bengbu, Sanming, and Shashi Cities reported on their experiences in building spiritual civilization in their respective cities. Comrade Niu Xiaomei made a report on emulation campaigns to promote courtesy and decorum in Anhui cities in recent years, which was entitled: Increase Understanding, Strengthen Leadership, and Strive To Explore New Ways for Promoting Courtesy and Decorum in Cities. [passage omitted]

Jiangsu Leaders Transmit CPC Plenum Guidelines

OW1810151988 Nanjing Jiangsu Provincial Service
in Mandarin 1015 GMT 16 Oct 88

[Excerpts] The Jiangsu Provincial CPC Committee held meetings for non-CPC personages on the morning of 8 October and the afternoon of 15 October.

Sun Han, provincial CPC Committee deputy secretary, chaired the meetings attended by officials from all democratic parties in Jiangsu and the provincial Federation of Industry and Commerce.

Han Peixin, provincial CPC Committee secretary, relayed the Central Work Conference and 3d Plenary Session of the 13th CPC Central Committee's guidelines; as well as tentative measures of the provincial CPC Committee to implement the CPC Central Committee's guiding principles, policies, and measures for improving the economic environment, rectifying the economic order, and deepening reform in all fields.

Han Peixin and Sun Han also solicited suggestions from the 27 officials of the democratic parties and provincial Federation of Industry and Commerce at the meeting. [passage omitted]

In his closing speech, Comrade Han Peixin said: An enlarged meeting of the Standing Committee of the provincial party committee is currently in session to discuss and study Jiangsu's plans to implement the 3d Plenary Session of the 13th CPC Central Committee's guidelines. We will encourage constructive suggestions and incorporate them into our plans. In working out concrete measures, the provincial government will also fully consider and study suggestions from non-CPC personages. Democratic parties at all levels, relevant mass organizations, and non-CPC personages from various circles in Jiangsu are encouraged to make suggestions for deepening reform in Jiangsu and take part in the work to improve the economic environment and rectify the economic order; they are also encouraged to take part in the general inspection of commodity prices, loans on credit, financial accounts, and tax revenues in various localities, thereby making active contributions to Jiangsu's implementation of the 3d Plenary Session of the 13th CPC Central Committee's guidelines.

Shandong Peasant-Worker Party Holds 1st Congress

SK1810004388 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 15 Oct 88

[Text] The first Shandong provincial congress of the Chinese Peasants and Workers' Democratic Party opened in the city of Jinan on the morning of 15 October.

Attending the congress to extend warm congratulations on the opening of the congress were Yao Jun, vice chairman of the central committee of the Chinese Peasants and Workers' Democratic Party; Lu Maozeng, deputy secretary of the provincial party committee; Lu Hong, vice chairman of the provincial People's Congress Standing Committee; Xu Wenyuan and Yang Da, vice chairmen of the provincial CPPCC Committee; and responsible comrades from the democratic parties at the provincial level, the provincial industrial and commercial federation, and the provincial-level departments concerned.

(Li Qining), vice chairman of the provincial Peasants and Workers' Democratic Party Committee, delivered a speech at the opening ceremony of the congress, in which he stated: The major tasks of the congress are to hear and discuss the work report of the provincial Peasants and Workers' Democratic Party Committee, to relay and study the spirit of the 3d Plenary Session of the 13th CPC Central Committee, and to elect the first Shandong provincial committee of the Chinese Peasants and Workers' Democratic Party.

In his speech (Li Qining) pointed out: The recent work conference of the CPC Central Committee and the 3d Plenary Session of the 13th CPC Central Committee have formulated a series of guidelines, policies, and measures for improving the economic environment, rectifying the economic order, and deepening in an overall way the drive to conduct reform. Our peasants and the workers' democratic party is determined to respond to the call of the CPC Central Committee, to act in unison with the CPC Central Committee, to carry forward its glorious historic tradition, and to strive to fulfill the various tasks put forward by the CPC Central Committee.

During the opening ceremony, Comrade Lu Maozeng, on behalf of the Shandong Provincial CPC Committee, delivered a speech to extend warm congratulations on the congress, in which he stated: Since its founding, the Shandong Provincial Peasants and Workers' Democratic Party Committee has actively joined in the province's consultations on major events in politics and economic life, helped party committees and governments at all levels implement various policies, brought its strong points into full play, and done a great deal of work and scored marked achievements in training talented personnel, dispatching medical teams to rural areas, and improving medical conditions. Henceforth, our party will continue to uphold the principle of having long-term coexistence, carrying out mutual supervision, showing utter devotion, and sharing weal and woe and further enhance concerted cooperation with the democratic parties and nonparty personages. He sincerely wished the provincial Peasants and Workers' Democratic Party, together with other democratic parties, to continuously and actively join in programs of conducting reform, opening to the outside world, and building

socialist modernization and offering ways and means in the fields of macro-planning and strategy for economic construction.

During the opening ceremony, (Zhu Yunheng), chairman of the provincial Peasants and Workers' Democratic Party Committee, delivered a work report entitled "Enhance Self-Improvement, Bring the Function of Political Parties into Play, and Wage Struggle for Unifying the Motherland and Making China Prosperous."

Party Congress Ends

SK1810072488 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 17 Oct 88

[Text] The first congress of the provincial committee of the Chinese Peasants and Workers Democratic Party concluded in Jinan on the afternoon of 17 October.

The First Shandong Provincial Committee of the Chinese Peasants and Workers Democratic Party was elected and introduced at the congress.

(Zhu Yunheng) was elected chairman of the committee; (Li Xinmun), (Deng Renai), (Zheng Peixin), and (Yao Mengyin), vice chairmen of the committee; and (He Yinchang), secretary general of the committee.

The congress unanimously approved the resolution on the first congress of the provincial committee of the Chinese Peasants and Workers Democratic Party.

The resolution called on all party members to resolutely implement the principles and policies formulated at the 3d Plenary Session of the 13th CPC Central Committee; and to make contributions to expanding the patriotic united front, accomplishing the great caused of the reunification of the motherland, promoting the deepening of reform, and building China into a socialist country with Chinese characteristics.

(Deng Renai), newly elected vice chairman of the committee, made a speech at the closing ceremony.

He said: The successful convocation of the first congress of the provincial committee of the Chinese Peasants and Workers Democratic Party and the setup of the first provincial committee of the Chinese Peasants and Workers Democratic Party show that Shandong Province has entered a new historical stage of developing peasants and workers democratic party organizations. Thus, all party members are urged to continuously carry forward the fine tradition of conducting long-term, close cooperation between our peasants and workers democratic party and the CPC, to stand together with the CPC and the people throughout the country under the new historical age, and to promote China's modernization drive forward

through implementing the principles, policies, and measures with regard to improving the economic environment, rectifying the economic order, and comprehensively deepening reform as set forth at the 3d Plenary Session of the 13th CPC Central Committee.

Shandong Province Makes Personnel Changes
SK1810094288 Jilin DAZHONG RIBAO
in Chinese 25 Sep 88 p 2

[Text] According to a proposal by Governor Jiang Chunyun, the fifth meeting of the Seventh Shandong Provincial People's Congress Standing Committee discussed and approved the following personnel appointments on 24 September:

Zhao Zhihao has been appointed acting chairman of the provincial Economic System Reform Committee.

Gao Xianqing [2640 2009 1987] has been appointed director of the provincial Agriculture Department.

Li Yantang [2621 3601 3389] has been appointed director of the provincial Machine-Building Industry Department.

Guo Zhenshan [6753 2182 1472] has been appointed director of the provincial Diversified Economy and Town-Run Enterprise Bureau.

Wang Shuwen [3769 2885 2429] has been appointed director of the provincial Aquatic Product Bureau.

Shanghai Leaders Transmit CPC Plenum Guidelines
OW1810151488 Shanghai City Service in Mandarin
2300 GMT 15 Oct 88

[Text] The Shanghai Municipal CPC Committee held a meeting for non-CPC personages at the auditorium of the municipal CPPCC Committee on 15 October to relay the 3d Plenary Session of the 13th CPC Central Committee's guidelines. The meeting called on the personages from various circles to carry on the tradition of sharing weal and woe with the CPC; resolutely implement the principles, policies, and measures laid down by the plenary session; strengthen democratic supervision; and ensure a good job in improving the economic environment, rectifying the economic order, and deepening reform in all fields.

The meeting was attended by non-CPC NPC deputies and CPPCC National Committee members in Shanghai, members of the Standing Committees of the municipal People's Congress and CPPCC Committee, officials of all democratic parties and relevant mass organizations in Shanghai, and government functionaries at and above the bureau level. They listened to the guidelines relayed by Zhu Rongji and Yang Di, municipal party committee deputy secretaries.

In a candid talk, Jiang Zemin, municipal CPC Committee secretary, gave his self-reflection on studying the 3d Plenary Session of the 13th CPC Central Committee's guidelines. He said: The focuses of the work for the next 2 years are: to improve the economic environment, rectify the economic order, and deepen reform in all fields. What is important now is to achieve unity in our thinking. It is necessary to accurately assess the great achievements in the decade of reform, and be fully aware of existing problems. It is also necessary to comprehend the necessity and importance of implementing the guidelines of the plenary session, heighten our spirit, build up our confidence, and achieve unity in the thinking of people inside and outside the CPC.

Jiang Zemin briefed the meeting participants on the eight measures adopted by the municipal CPC Committee and the municipal government to implement the guidelines of the plenary session, stressing the necessity of intensifying theoretical study to increase awareness in order to implement the central authorities' principles and policies.

Shanghai's Jiang Zemin on CPC Plenum Guidelines
OW1810112288 Shanghai JIEFANG RIBAO
in Chinese 7 Oct 88 p 1

[Text] The Shanghai Municipal CPC Committee yesterday held a conference at the Shanghai Exhibition Center for responsible party members. Jiang Zemin, secretary of the municipal party committee, presided over the conference. Zhu Rongji, mayor of Shanghai and deputy secretary of the municipal party committee; Wu Bangguo, deputy secretary of the municipal party committee; Zhang Dinghong, member of the Standing Committee of the municipal party committee and secretary of the committee's Discipline Inspection Commission; Gu Chuanxun, member of the municipal party committee and vice mayor of Shanghai, relayed the 3d Plenary Session of the 13th CPC Central Committee's guidelines during the conference.

Comrade Jiang Zemin gave a speech on the relaying, studying, and implementing of the 3d Plenary Session of the 13th CPC Central Committee's guidelines. He urged those present to study earnestly the session's documents, and to develop an in-depth understanding of the guidelines' essence. He also urged them to reach a common understanding on the 3d Plenary Session of the 13th CPC Central Committee's guidelines, and implement them in their work from now on. Leading cadres at various levels—especially above district, county, and bureau levels—must study the guidelines more deeply and better, reach a common understanding, and then proceed to do a good job in propaganda work for the masses. He emphasized the need to grasp, with the 3d Plenary Session of the 13th CPC Central Committee's guidelines as reference, the tasks for the 4th quarter of this year, carry out an in-depth campaign to increase production and practice economy; and to accomplish,

with a striving spirit, the various tasks for this year's national economic development. He also emphasized the need to grasp the important points for reform and construction defined by the Central Committee for the next 2 years; and study and formulate measures for improving the economic environment and rectifying the economic order so as to grasp, as soon as possible and constructively, preparations for next year's economic work. He called on the vast numbers of theorists and practitioners to intensify theoretical research and to heighten the awareness for implementing the Central Committee's guidelines. He urged them to begin in-depth and uninhibited instruction on the situation directed towards the current thinking of party and non-party cadres and the masses. He also urged them to do a good job in comprehensively and accurately propagating the 3d Plenary Session of the 13th CPC Central Committee's guidelines. Jiang Zemin pointed out: We must place special emphasis on the leading and core roles of the party, carry forward the party's fine traditions, and effectively exercise the grass-roots party organizations' role as fighting bastions and party members' as exemplary vanguards. We must place special emphasis on party discipline; and strictly enforce orders and prohibitions to ensure the smooth implementation of the Central Committee's guidelines on organizational discipline by taking the overall situation into account, and by subjecting parochial interests to overall ones in order to score a greater victory in reform, opening up to the outside world, and socialist modernization.

Over 1,800 people attended the conference. They included members of the municipal party committee; members of the municipal party committee's Advisory and Discipline Inspection Commissions; responsible comrades for units stationed in Shanghai; responsible comrades from departments of various ministries and commissions; responsible comrades from bureaus of various districts and counties, from colleges, universities, and scientific research institutes, and from various mass organizations and news media; and some retired old cadres. Members and alternate members of the CPC Central Committee and members of the Shanghai Central Advisory and Central Discipline Inspection Commissions also attended the conference.

Zhejiang Issues 1989 Conscription Work Circular
OW1710142188 Hangzhou Zhejiang Provincial
Service in Mandarin 1000 GMT 13 Oct 88

[Excerpt] Owing to the change in recruitment time, the provincial People's Government and provincial Military District recently issued a circular asking various units concerned in the province to do a good job in preparing for calling up new recruits next spring and ensuring the quality of the new recruits.

The circular points out that, with the approval of the State Council and the Central Military Commission, the recruitment time this year will be changed to March and April 1989 while the retirement time for old personnel will also be changed accordingly. [passage omitted]

Central-South Region

Guangdong Shenzhen Zone To Deepen Open Policy
HK1710024088 Hong Kong WEN WEI PO in Chinese
15 Oct 88 p 2

["Special dispatch" from correspondent Yao Hsin-pao (1202 2946 0202): "Shenzhen's Open Policy To Be Deepened; Recently Granted Authority of Separate Listing in the Plans"]

[Text] Shenzhen, 14 Oct—Shenzhen City CPC Committee Secretary and Mayor Li Hao said in Shenzhen today: The current efforts to improve the economic environment and rectify the economic order are not a return to the old economic order but a necessary step to optimize Shenzhen's investment environment and to establish a new order. They will not affect reform and opening up in the special zone but will substantially quicken the pace and create better conditions for the development of the special zone.

Li Hao made the remarks at the enlarged Standing Committee meeting of the Shenzhen City CPC Committee which ended today. He said: In the future, in line with the tasks entrusted by the central authorities, the Shenzhen Special Economic Zone will advance a step ahead of others in establishing a new order of socialist commodity economy and make vigorous explorations to take as reference and transplant Hong Kong's and overseas legal systems for managing the commodity economy. This will considerably quicken the pace of reform and opening up in the special zone. In this sense, far from not being special, the special zone will become more special.

Talking about the specific measures to rectify the economic order and improving the economic environment, Li Hao pointed out: First, it is necessary to control the growth of the consumption fund to ensure that it should not exceed the growth of production. Second, it is necessary to reduce institutional purchasing power and to stop, in principle, approving this year the applications of nonproductive units, especially party and government organizations, to purchase specially controlled commodities. Third, it is necessary to bring the scope of capital construction under control and to sort out in an all-around way the projects under construction. Efforts should be made to ensure key construction projects in energy and transport and the three kinds of partially or wholly foreign-owned enterprises and to observe the principle of setting store by contracts and keeping one's promise. There will be major projects next year, such as the expansion of the airport, wharf, and railway station and the construction of a telecommunications project. Therefore, the scale of capital construction next year will generally remain at this year's level. Fourth, resolute efforts should be made to control prices to ensure that price increases next year will be lower than those this year. Fifth, it is necessary to make a success of the work

of sorting out companies and to rectify order in the circulation field. Sixth, continued efforts should be made to launch education in clean government.

Shenzhen City has become a city with a separate listing in the plans and has been granted economic management authority equivalent to that at the provincial level.

The decision to "upgrade" Shenzhen has recently been made by the State Council. In a recent official, written reply, the State Council points out that it agrees Shenzhen should have a separate listing in the state plans, including the financial plan, and to grant Shenzhen economic management authority equivalent to that at the provincial level.

Guangdong Congress Urges Increased Supervision
HK1810134088 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 18 Oct 88

[Text] The fourth session of the seventh provincial People's Congress Standing Committee on 16 October passed a decision on strengthening supervisory work over improving the economic environment and rectifying economic order.

The decision states: The guidance principle, policies and measures set at the 3d Plenary Session of the 13th CPC Central Committee of shifting the reforms and construction during the next 2 years onto improving the economic environment and rectifying the economic order are quite correct, and we must resolutely implement them. For the next 2 years, the decision adds, the provincial People's Congress Standing Committee must take implementation of the policy of improving the economic environment, rectifying the economic order, and deepening the reforms in an all-around way as a major guide. It will also strengthen its supervisory role in the following aspects: 1) In accordance with the policy formulated by the CPC Central Committee and the State Council for improving the economic environment and rectifying the economic order and the related regulations, the provincial People's Congress Standing Committee will seriously examine and approve the 1989 and 1990 plans for economic and social development, financial budgets, and other major policy decisions and strictly supervise their implementation; 2) It will supervise curtailing of the scope of capital construction, controls over sharp increases in consumption funds and over the scope of bank loans, and inhibitions on inflation; 3) It will supervise the provincial government and the departments concerned in screening out companies which do not separate government functions from commercial business, and eliminate and punish official racketeering; 4) It will supervise the implementation of measures to develop agriculture; 5) It will supervise the law departments in taking the lead in abiding by and enforcing the law; 6) It will supervise checks on the performance of government functionaries elected by the

provincial People's Congress and appointed by the provincial People's Congress Standing Committee, and particularly in their effort to keep themselves clear from corruption.

The decision concludes that the provincial People's Congress Standing Committee calls on people's congresses at various levels, and their deputies, to go into action to support and supervise governments at all levels in implementing the important policy formulated by the 3d Plenary Session of the 13th CPC Central Committee.

Hainan Enlarged Plenum Airs Problems, Tasks
HK1810020988 Haikou Hainan Provincial Service in Mandarin 2300 GMT 17 Oct 88

[Text] The second enlarged plenary session of the first Hainan Provincial CPC Committee concluded on 17th October. The session relayed and studied the spirit of the 3d Plenary Session of the 13th CPC Central Committee and the central work conference and discussed and studied the question of how to improve the economic environment, rectify the economic order, and comprehensively deepen the reforms in line with Hainan realities.

Provincial CPC Committee Secretary Xu Shijie, Deputy Secretaries Liang Xiang and Liu Jianfeng, and Comrades Bao Keming, Miao Enlu, Wang Yuefeng, Wei Zefang, and Zou Erkang spoke at the concluding meeting on 17 October. They unanimously pledged to loyally support the important policy decision of the CPC Central Committee and unite as one to take effective steps to improve Hainan's economic environment and create an excellent economic order, so as to lay the foundation for building Hainan into a large special economic zone worthy of the name.

Comrade Liang Xiang said: Improving the economic environment and rectifying the economic order has been proposed by the CPC Central Committee through seriously summing up the experiences and lessons of the 10 years of reform and correctly analyzing the current situation, under the premise of upholding the general orientation of reform. This shows that there is no change in the general orientation of reform and opening up and in the general task of developing the productive forces. Instead, the methods and measures will be readjusted in the course of reform. This accords with the reality of the whole country and also with that of Hainan.

During the 3d Plenary Session of the 13th CPC Central Committee and the central work conference, leading central comrades showed great concern for the building of the Hainan special zone. Considering that Hainan's foundation is poor and weak and the building of the special zone has only just been launched, and other factors, during the improvement of the economic environment and rectification of the economic order, there will be no change in the preferential policies allowed Hainan by the central authorities; capital construction

will not be cut, credit will not be markedly reduced, the pace of reform and opening up will not be slowed down, and the economic growth rate will not be lowered. These are issues of universal concern to everyone.

However, we must soberly realize that a number of problems that cannot be neglected have cropped up in the initial stage of building the Hainan special zone. For instance, there is some confusion and illegal activity in the circulation field. A few units and individuals smuggle duty-free imported goods out of the island for resale at high profit; land and approval chits for projects are also sold at profit, and there is tax evasion and speculation. Certain unhealthy signs have also appeared in implementing the preferential policy on imports and exports. The approved volume of goods imported far exceeds Hainan's actual requirements and capacity. Certain administrative undertakings and units compete with each other in pursuit of luxury. Market prices have risen sharply, and market order is not stable enough. A few cadres indulge in bribery and corruption, abuse their powers, and pursue extravagance and waste.

If we allow these problems to develop, they are bound to interfere with the implementation of the preferential policies for the Hainan special zone and have a serious impact on the overall situation in building the special zone. Hence, seriously implementing the central authorities' relevant intentions is of extremely great importance for the healthy development of building the Hainan special zone, making good and proper use of the preferential policies allowed Hainan by the central authorities, and speeding up the pace of reforms and opening up in the province.

Comrade Xu Shijie stressed in his speech: Improving the economic environment and rectifying the economic order is a task with a strong sense of policy that is related to the overall situation in building the Hainan special zone. Hence, we must have a clear-cut guiding idea and also take a positive and cautious approach. We must act in close conjunction with Hainan realities. We must integrate improving the economic environment and rectifying the economic order with deepening the reforms and improving the investment climate, with implementing the 30 articles promulgated by the provincial government, and with improving social order, eliminating corruption, speeding up legislative work, and putting the rules and regulations on a sound basis. In short, it must be integrated with developing the productive forces, and must clear away the obstacles to the development of the productive forces in Hainan.

We must positively, correctly, and comprehensively understand the spirit of the 3d Plenary Session of the 13th CPC Central Committee, strengthen party leadership, step up ideological and political work, and promote education in the situation. We must give full scope to the role of the party as the core and a fighting force and the

role of the party members as vanguards and models. Everyone should unite as one, unify their actions, and strive to fulfill this arduous task.

The session stressed that it is currently necessary to get a good grasp of the following tasks:

1. Take stock of projects under construction, readjust the investment structure, and step up the construction of the infrastructure and of developmental projects.
2. Strictly control institutional purchasing power and the swelling growth of consumption funds.
3. Get a good grasp of taking stock of and rectifying the circulation field and crack down on economic illegalities. This work should be focused on screening companies and doing a good job in managing the very small number of products whose import is restricted by the state. We must strengthen land management and strictly prohibit the reselling of land for profit. We must also do a good job in the major inspection of finances, tax revenue, and prices.

The session also stressed that while improving the economic environment, it is also necessary to improve the social environment. We must resolutely crack down on criminal elements who violate law and discipline and undermine the social order in the Hainan special zone. We must resolutely put a stop to illegal activities of all kinds. At the same time, we must pay attention to eliminating hidden dangers that may give rise to social instability, and maintain a stable social environment to enable smooth progress in building the Hainan special zone.

The session was attended by members and alternate members of the provincial party committee, members of the provincial Discipline Inspection Commission, party-member vice chairmen of the Standing Committee of the Provincial Conference of People's Representatives and the provincial CPPCC, the principal responsible comrades of the provincial organs and tertiary education institutes, city and county party committee secretaries, mayors, and county governors, and retired cadres, totaling some 300 persons.

Hainan PLA Plenum Relays Central Meeting Spirit
HK1810023388 Haikou Hainan Provincial Service
in Mandarin 2300 GMT 17 Oct 88

[Excerpts] An enlarged meeting of the Standing Committee of the Hainan Military District CPC Committee was held from 14 to 17 October. Pang Weiqiang, deputy secretary of the party committee and commander of the Military District, presided. Liu Guinan, secretary of the party committee and political commissar, delivered a summation speech. Also present at the meeting were

Deputy Commander Lai Ziyang, Deputy Political Commissar (Gong Tingfu), Discipline Inspection Commission Secretary (Gong Yixiang), and instructor (Li Tingfang).

The meeting relayed the spirit of the 3d Plenary Session of the 13th CPC Central Committee. In connection with the reality of the PLA units of Hainan Military District stationed in the large special zone, the meeting proposed four measures for implementing the spirit of the Third Plenary Session:

1. Do a good job of education in the situation and tasks, and maintain a high degree of ideological unity with the CPC Central Committee. [passage omitted]
2. Resolutely implement the important central policy decision on improving the economic environment and rectifying the economic order. [passage omitted]
3. Strengthen supervisory work over the PLA units' production operations, strictly observe policies and decrees, and follow the correct path.
4. The party committee organs at all levels must take the lead in acting in a clean and honest way. We must seriously deal with and punish behavior in violating party and government discipline and ignoring the overall situation.

Henan Calls Economic Crime, Rectification Meeting
*HK1810043188 Zhengzhou Henan Provincial Service
in Mandarin 2300 GMT 17 Oct 88*

[Text] From 15-17 October the provincial Industry and Commerce Bureau summoned industry and commerce bureau chiefs from seven prefectures and cities to discuss and arrange work of investigating and dealing with economic criminal cases and rectifying the economic order.

Figures quoted at the meeting show that different kinds of economic crime in our province this year have been on the increase. This has made the task of improving the economic environment and rectifying the economic order arduous and created many obstacles. For this reason, effective measures must be adopted to carry out the work. Statistics show that from January to September, over 6,000 economic criminal cases had been investigated and confirmed throughout the province, an increase of more than 50 percent over the same period last year. Of these, major and serious cases increased by over 90 percent compared with the same period last year. These economic criminal cases have the following salient features:

1. A wide range of organs is involved. They include industrial and commercial enterprises as well as party and government organs, and local enterprises as well as branches of central organs in Henan. What is more, even

some departments enforcing the law and PLA units stationed in Henan are also involved. A PLA unit stationed in Henan employed military aircraft to ship luxury limousines from Guangzhou, Shenzhen, and other cities to other areas for reselling at high prices.

2. Major and serious economic criminal cases are on the rise. This year Luoyang City has investigated and confirmed 275 economic criminal cases, of which 155 are major and serious ones.

3. Official racketeering is serious. Confirmed cases of official racketeering constitute a large proportion of economic crime. On many occasions, official racketeers and individual profiteers have ganged up with each other and acted from the inside in coordination with operations from the outside, thus making many criminal cases more complex. In the short spell of 48 days from 1 June to 18 July, the bureau for the monopoly sale of tobacco in Xinyang Prefecture wholesaled on four occasions a total of 2,000 packages of cigarettes to an individual cigarette peddler in Huangchuan County, 63 percent of which were cigarettes which were much sought after on the market. This figure was more than the amount the tobacco bureau wholesaled to all state-owned cigarette shops in Xinyang City from January to July.

4. Cases of producing adulterated goods are on the rise. Some people in Luoyang City sell tractors and bicycles assembled with waste parts, instances of producing fake and low quality caustic soda often appear in Lankao County, and the production of fake liquors and wines is running wild across the province. The Luoyang Administration for Industry and Commerce reveals that a recent inspection discovered over 90,000 bottles of fake liquors and wines of different brands.

5. Inspection meets with numerous obstacles, which mainly come from the departments in charge of factories and companies which have broken laws in the economic field. In the interests of their own units, these departments try by every possible means to throw obstacles in the way of inspection conducted by the administration for industry and commerce at various levels. Some departments in charge and leaders even forcibly interfere with inspection by exploiting their power and create obstacles deliberately.

Leaders from the provincial administration for industry and commerce pointed out: There are indeed many obstacles in the way of stabilizing the economic order and the task is arduous, but if the problem is not addressed now, there will be more difficulties in the future. With the strong support of the party Central Committee and provincial party committee and government, and with the concerted efforts of the people, they are resolved to carry out inspection to the last and will never be softhearted.

The meeting decided that efforts will be made to investigate and deal with a certain number of major and serious cases and that the results will be made public so as to promote the work of improving the economic environment and rectifying economic order throughout the province.

Hubei Urges Further Enterprise Development
HK1510050188 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 12 Oct 88

[Excerpts] While implementing the important policy formulated by the party Central Committee of improving the economic environment, rectifying the economic order and deepening the reforms in an all-around way; efforts must be made to ensure a steady, sustained and sound development of township and village enterprises. This was a major topic discussed at a provincial conference on the work of township and village enterprises held between 8 and 10 October.

Deputy Secretary Qian Yunlu of the provincial party committee and Vice Governor Xu Penghang of the provincial people's government attended the meeting to give ear to experiences presented by comrades from many areas. They discussed the matter with meeting participants and presented their views.

The meeting fully affirmed achievements scored this year by township and village enterprises of our province. From January to September, the output value estimated by township and village enterprises throughout our province came to 17.3 billion yuan, slightly higher than that of last year. [passage omitted]

The meeting pointed out: Under the new situation, we must have a new understanding of the development of township and village enterprises. The implementation of the central policy of improving the economic environment and rectifying the economic order must be linked to the development of township and village enterprises. [passage omitted] Policies for development of township and village enterprises must be kept stable and improved, and all preferential policies issued by the provincial party committee and government for supporting township and village enterprises must be continuously implemented in earnest.

The meeting stressed: The mechanism of township and village enterprises must be further studied and enlivened. The key to reform of township and village enterprises lies in enlivening their mechanism because their most important advantage is their flexible mechanism. We must either treasure and give full scope to the mechanism. [passage omitted]

Hunan Leader Attends Forum With Nonparty Figures
HK1810051188 Changsha Hunan Provincial Service
in Mandarin 2300 GMT 17 Oct 88

[Excerpts] Yesterday the provincial party committee called a forum with nonparty personalities in Changsha, at which more than 40 democratic party members,

nonparty personalities, and religious figures from different parts of the province aired their views freely. They put forward many valuable opinions and suggestions for the province's reforms and economic construction, and on how to improve the economic environment and rectify the economic order.

The forum, which started in the morning, was presided over by Secretary Xiong Qingquan of the provincial party committee. Vice Governor Chen Banzhu, who is also a member of the provincial party committee Standing Committee, first conveyed to the participants the spirit of the 3d Plenary Session of the 13th CPC Central Committee, as well as the spirit of the seventh enlarged plenary session of the fifth provincial party committee. [passage omitted]

When presenting their views at the forum, some participants pointed out: To implement the spirit of the central and provincial party committee meetings, supervision by the people must be encouraged and efforts must be made to strictly enforce party discipline, administrative discipline, and the law. Firm measures must be adopted to eliminate corruption, and particularly official racketeering and abusing power for personal gain. Thorough investigations must be earnestly conducted into cases of official racketeering to which the people react strongly so as to win the confidence of the people.

Some participants suggested that the provincial party committee and government take the lead in checking unhealthy tendencies, and also that screening and straightening out of trading companies start in offices directly under the provincial authorities. [passage omitted]

Xiong Qingquan spoke last at the meeting, expressing thanks to participants for their very important and valuable opinions and suggestions. The provincial party committee and government will study them in real earnest so as to absorb the valuable opinions in the work of improving the economic environment, rectifying the economic order, and deepening the reforms. He also addressed three points on how to strengthen confidence. 1) The party Central Committee made its correct policy decision after making a realistic analysis of the situation. Unless we have a sound understanding of the spirit of the central policies, we shall not be able to be firm in both thought and action. 2) The party Central Committee has not only formulated policies but also released concrete plans, measures, and regulations for implementation of the policies so that we all feel sure about implementing the central policies. 3) Confidence comes from practice, as actions speak louder than words. We will solve, through our actual deeds, problems about which the people are much concerned. [passage omitted]

Southwest Region

Yunnan Urges Strengthened Discipline Inspection
HK1910085388 Kunming Yunnan Provincial Service
in Mandarin 1100 GMT 18 Oct 88

[Text] The Yunnan Provincial CPC Discipline Inspection Commission held its fifth session in Kunming on 15 October.

The meeting maintained: To ensure the tasks of improving the economic environment, rectifying the economic order, and deepening the reforms, the most important thing to do is to strengthen party leadership, achieve a high degree of unity of thinking throughout the whole party, and strictly enforce party discipline so as to guarantee a high degree of unity in our party in action. Under the unified leadership of party committees, discipline inspection organs at all levels of the province should strengthen education in party discipline and democratic centralization throughout the party to heighten the sense of discipline. Party organizations at all levels and every party member must conscientiously march in step with the party Central Committee, safeguard the authority of the party Central Committee, and give full play to the fighting force role of party organizations and the exemplary vanguard role of the Communists.

The meeting emphasized: To safeguard the centralized and unified leadership of the party, it is necessary to give full scope to the supervisory role of discipline inspection organs by strengthening supervision and inspection of party organizations and their members in the implementation of central policies. Discipline must be strictly enforced and investigations made into all violations of discipline. Party organizations and members who disobey orders, defy prohibitions, act in defiance of central policies, and harm the interests of the state should all be seriously investigated and dealt with. Party members and party member cadres who have been involved in severe violations of law and discipline such as jacking up prices, cornering the market, blackmail, intermediate exploitation, embezzlement and graft, and extravagance and waste should be disciplined and even expelled from the party.

The meeting pointed out: The strict enforcement of party discipline must rely on the supervision and support of all party members and the broad masses of the people. All criticism, accusation, and exposure from party members and the masses should be seriously handled. The meeting also assigned major tasks discipline inspection organs at all levels of the province.

The meeting was chaired by Yin Jun, a member of the Yunnan Provincial CPC Committee and secretary of the provincial Discipline Inspection Commission. On behalf of the Commission Standing Committee, its deputy secretary, Luo Yuntong, delivered a work report.

North Region

Inner Mongolia Holds Financial, Tax Conference
SK1810134388 Hohhot NEIMENGGU RIBAO
in Chinese 28 Sep 88 p 1

[Text] The autonomous region held a financial and tax work conference from 17 to 23 September to relay and implement the guidelines of the national financial and tax work conference, examine and analyze the situation to fulfill the autonomous regional budget in the first 8 months of this year, study and explore the measures and reform methods to increase revenues, reduce expenditures and balance the budget, and work out plans for the financial and tax work tasks for the next several months.

It was noted at the conference: Since the beginning of this year, our region's revenue situation has been fairly good, and expenditures have been fairly normal. From January to August, the revenue totaled 1,402,820,000 yuan, equivalent to 66.94 percent of the annual budget. This was a 19.55 percent increase over the corresponding period last year. In the same period, expenditures totaled 2,790,180 yuan [as published], equivalent to 61.92 percent of the annual budget. This was a 6.78 percent increase over the corresponding period last year. As far as revenue is concerned, revenue from industrial and commercial taxes has been collected fairly successfully. From January to August, industrial and commercial taxes totaled 1,404,710,000 yuan, equivalent to 73.83 percent of the annual budget, and increasing by 19.64 percent over the corresponding period last year; and maintained a good trend in increases every month. Increases of varying degrees were registered in the revenues of 12 leagues and cities, of which Hulun Buir, Hinggan, Jirem, Xilin Gol, Ih Ju, Bayannur Leagues and Hohhot and Chifeng Cities all registered an increase of more than 20 percent. Collection of farmland-occupying taxes was carried out rather poorly.

To ensure that this year's budgeted revenue and expenditure are fulfilled satisfactorily, the conference called on finance and tax departments at various levels to conscientiously attend to work for the next several months.

1. Efforts should be stepped up to implement the measures for increasing revenue. Collection of stamp tax and urban state land-use tax and other measures to increase the revenue as determined earlier this year have been promulgated for implementation one after another. Finance and tax departments at various levels should organize sufficient personnel to implement them, and strive to collect full amounts of taxes.

2. Financial administration of enterprises should be strengthened to improve their economic results.

3. Collection and management of taxes should be strengthened, and efforts should be exerted to overfulfill the tax-collection task on the premise that policies are implemented correctly.

4. As subsidies for grain and food enterprises operating at a loss have always been a major problem affecting the financial balance of our province, all localities should adopt positive measures to strengthen the financial management of grain and food enterprises, accelerate their reform, and strive to reduce the various types of subsidies and funds.

5. The method of allocating financial subsidies in advance should be further improved, and a new way to support the economic development of banners and counties should be explored.

6. In line with the demands of the central authorities, capital construction, institutional purchases, and administrative and operation funds should be resolutely reduced, and the method to manage public funds for medical care should be improved. Large-scale tax, financial, and price inspection should be continued, problems that are discovered should be strictly handled, and evaded taxes should be verified and collected so as to make new contributions to balancing revenue and expenditure and ensuring the smooth progress of reform.

Qian Fenyong, deputy secretary of the autonomous regional party committee, delivered a speech at the end of the conference. He urged finance and tax departments to step up collection of revenues and simultaneously cut back unnecessary nonproductive expenses, and exert concerted efforts to fulfill this year's revenue task.

Shanxi's Li Ligong Discusses Defense Education
HK1710063388 Taiyuan SHANXI RIBAO in Chinese
27 Sep 88 pp 1, 2

[Article by Li Ligong (2621 4539 0501), secretary of Shanxi Provincial CPC Committee and first secretary of Shanxi Military District CPC Committee: "Getting a Good Grasp of National Defense Education for the Whole People Is the Sacred Duty of Leading Cadres"]

[Text] The report to the 13th party congress clearly pointed out: "It is necessary to strengthen national defense education and raise the people's sense of national defense." This is one of the strategic measures for strengthening national defense construction put forward by the party central leadership in light of the new international strategic situation. In the last 2 years, various forms of national education activities have been carried out in our province. Many prefectures and cities have made decisions on strengthening national defense education for the general public. Yuanping County successfully conducted national defense education in the whole county, especially among cadres at various levels, by relying on militiamen and soldiers in reserve service. The activities of "help comrades-in-arms" beginning in Shixian County have been spread to all parts of the province. Schools and the mass media in all parts of the province have also played a major role in national defense education. With the development of national defense education in scope and in depth, more and more

people have realized that a nation must possess defense strength to safeguard her security, and have become more enthusiastic for caring and supporting national defense construction. The people also love and respect the Army. In Shanxi, a province with a glorious revolutionary tradition, an outburst of enthusiasm for joining the Army and supporting the Army has again appeared as it had in the war years. Cadres and common people now closely link their routine work with the lofty objective of building a powerful and prosperous country and endeavor to make greater contributions to the realization of the four modernizations on all fronts. The patriotic enthusiasm and the aspirations of devoting oneself to the motherland and defending the motherland aroused by the national defense education among the people will be a firm pillar for our successful national defense construction, and will be a great driving force for promoting the building of the two civilizations in our province.

When we affirm the achievements, we should also notice that many problems have yet to be studied and solved in our province's national defense education. In some localities, national defense education has not been constantly and regularly carried out. The local authorities merely issued general instructions and did not give concrete guidance to grass-roots units. In other localities, the localities still liked to use the old methods of "raising a big fanfare" to create some display window effects. Some localities only paid attention to "cultivating" a number of sample units and did not really spread the experience of these sample units to all units.

There are many reasons for the above-mentioned problems. The basic reason is that leading comrades in those localities and units did not attach importance to national defense education among all people and did not give serious and effective guidance to this work. We can say that the results of national defense education, to a great extent, are contingent on how deeply the local leaders understand its significance and how much attention they pay to this work. Therefore, in order to carry on national defense education in the whole province in a down-to-earth manner and to conduct this education regularly and constantly, we must first make leading party and government cadres at all levels, especially at and above the county level, really understand the importance of this work and realize that they must take it as their unshirkable sacred duty. They must have a sense of urgency and mission for the nation in conducting national defense education, and must really give consideration to this task and really take action to promote it.

First, we must fully realize the necessity and importance of national defense education among all the people. Maybe, all people agree that a nation cannot do without national defense, but some comrades do not have a correct understanding of the international and domestic situation and do not deeply understand the central leadership's idea about war and peace. Since the 3d Plenary Session of the 11th CPC Central Committee, the

focus of the party's work has been shifted and the guiding principle for national defense construction has also been changed. The troops were reduced, and the scale of the militia was also reduced. The People's Armed Forces Department was not affiliated with the Army but with local governments. However, all these major strategic measures for realizing national defense modernization caused misunderstanding among some comrades, and they thought that as the world is peaceful, weapons can now be discarded and troops be disbanded. So they felt that it is not necessary to conduct national defense education among the people any more. This is a dangerous idea. Leading cadres should clearly understand that the fundamental purpose of adjusting and reforming national defense construction is to strengthen national defense. At present, although the trend in the international situation is detente and our domestic work is focused on economic construction in a peaceful environment, this does not mean that the peace will last forever in the world. As far as the development of the international strategic situation, because the two superpowers—the United States and the Soviet Union—intensified their rivalry beginning in the 1960's, new changes occurred in the international forces and the bipolar strategic pattern, and the three worlds appeared. At present, international relations are situated in a transition period from an old system to a new system. There is an equilibrium in the bipolar balance of strength and a multipolar structure in international forces. There are many new characteristics in the present international situation: On the one hand, there is both confrontation and dialogue between the two superpowers, the United States and the Soviet Union, in the global sphere. They are still intensively developing new strategic weapons and conventional weapons while holding disarmament talks and trying to win the strategic superiority in the arms race, focusing on the quality of weapons. This still threatens world peace and development. On the other hand, a large number of Third World countries are rising on the international stage and playing an increasingly important role. They join hands with all peoples in the world and effectively check the war. In these circumstances, a new world war is not likely to break out in the near future, but the danger of nuclear war still exists, and regional conflicts have always been continuing in the world. This is the general world situation we are facing. In we look at the neighboring areas of our country, we will find other unsafe factors. In short, in both the world situation and the peripheral situation of our country, the present peace is not a permanent and stable peace, but a peace under the rivalry for hegemony between the two superpowers, peace under the threats of nuclear warheads which have the capacity of destroying the whole globe, peace under an intense arms race in the high technology realm, and peace full of the smell of gunpowder from regional wars. So the present peace is relative, unstable, and vulnerable. When we focus our efforts on economic construction, we must also give consideration to the national security. We firmly believe that major war will not occur very soon and we should tightly seize

the opportunity of the peacetime to develop our economy, and we must also maintain a high degree of vigilance and make good preparations against the danger of war in times of peace. Conducting national defense education among all people and raising the citizenry's sense of national defense are direct ways to build up our reserve spiritual force for national defense, and this will forcefully promote the development of reserve material force for defense.

Some leading comrades, especially those at the county level, regard national defense education merely as a military issue and a duty for the Armed Forces. They think that local civilian governments are facing arduous reform and economic tasks and have no energy and time to deal with national defense education. It is incorrect to set national defense education against economic construction and reform. The essence of national defense education is to inculcate patriotism and revolutionary heroism in the people so as to arouse their nationalist spirit and revolutionary integrity, to improve the morality of the whole nation, to increase the sense of urgency and crisis among the people, and to unite all people to go all out to build a powerful and prosperous country with an independent position in the world. It will produce a huge spiritual force, which will not only be turned into combat effectiveness in the military sense, but will also be turned into productive forces in economic construction, as the people will also be encouraged to work hard for speeding up economic construction. Practice in national defense education in many localities and units in our province has shown that through national defense education, cadres and ordinary people will be more conscious in linking their personal or local interests with the overall national interests, especially the nation's security interests and long-term interests. Through national defense education, the people will have a high sense of responsibility for the nation's security, will be able to correctly treat the interest adjustments in the course of reform and support the reform measures, and jointly overcome the difficulties in the course of reforms. They will display high patriotic enthusiasm and dedication spirit in economic construction as they realize that their work will contribute to the enhancement of the comprehensive national strength, so they will do their utmost in their post to make contributions to the development of the national economy. Comrades in many factories and mines have also applied the military tactics they learned from national defense education in enterprise management and effectively raised productivity, invigorated enterprise business, and increased their competitive power. So, in both theory and practice, national defense education is complementary to reform and economic construction and will effectively promote reform and economic construction. As long as our leading cadres at various levels, especially the leading cadres of party and government in various prefectures, cities, and counties, really deepen their understanding of the great significance of national defense education, they will be able to consciously perform the duty of organizing and guiding national defense education.

Second, it is necessary to establish a perfect system for leading cadres to guide national defense education. The success in our national defense education depends on people's correct understanding and a good system. The correct understanding is a prerequisite, and the system is a guarantee. The successful local experience in our province shows that without a relatively stable system as a guarantee, national defense education will not be carried out effectively and regularly. Without a good system, the leaders may just conduct national defense education when they have time or have an impulse to do so, and they may then relax their efforts or let things go adrift if they are busy with other affairs. With a system, national defense education will be conducted in a regular way and will achieve real results. National defense education is a long-term task. Only by establishing a perfect system can we ensure the continuity, regularity, and stability of this education. According to our province's practice in the last 2 years, some localities and units have worked out some feasible and effective systems. First, we have a system for cadres to discuss military affairs. At the provincial level, we hold an annual meeting attended by leaders of the provincial party committee, the provincial government, and the provincial Military District to discuss military affairs. We have pursued this system for 3 years in succession, and will continue to maintain it. In many prefectures and counties, there is also such a military discussion system. Prefectures hold such meetings twice a year and counties hold such meetings once every 3 months. At these meetings, military and civilian leading comrades jointly discuss and solve issues concerning national defense education, the building of reserve military forces, and relations between the Army and the people. Second, the National Defense Day system for leading cadres: In some prefectures (cities) and counties, 1 May and 1 August are named National Defense Day. On that day, leading cadres are organized to participate in military training, which will increase their sense of national defense. These are significant activities. Third, the system for leading cadres to act as instructors in national defense education: Under this system, principal party and government leaders are required to give national defense lectures in government institutions, factories, mines, schools, and villages on a regular or irregular basis. This is not only an important way to carry out national defense education, but is also an effective way to prompt the leading cadres to play an exemplary role in national defense education. Fourth, the system of holding regular consultation meetings: In many units, in order to coordinate relations with various departments and organizations in national defense education, the principal leaders personally summon the departmental leaders to analyze the situation, exchange experience, and study and solve problems in the course of education. Apart from the four systems mentioned above, localities have also created many other good systems. Of course, some systems have yet to be further improved in practice, and some necessary systems have not been established yet. So, localities should continue to study and explore the experience in our national defense education, and establish necessary systems to ensure that leading cadres will really

take care of national defense education. It should be particularly noticed that in the course of establishing the national defense education system and conducting national defense education, we must adapt our work and systems to new conditions and solve new problems without delay so as to implement the reform principle. We should overcome the influence of the "leftist" ideas in our previous national defense education. We should not exaggerate the seriousness of the war situation, should not resort to simplistic methods in national defense education, and should follow the guideline of modernizing our national defense construction.

Third, leading cadres must perform a concrete duty in conducting national defense education, and this should be taken as an aspect in the assessment of cadres' work performances. Only thus can we make all leading cadres know what and how they should do in national defense education, and prompt them to really include national defense education in their work schedules and take the initiative in doing a good job in conducting national defense education.

What are the concrete duties for leading cadres, especially those at and above the county level, in national defense education? I think that they should at least fulfill the following duties: First, the leading function: they should work out a general plan for conducting national defense education in their localities according to the requirements of the upper authorities and their local conditions, and discover and solve problems and correct deviations in the course of education without delay so as to ensure the healthy development of national defense education. Second, the coordinating function: National Defense Education is a huge systems engineering project in society, and requires the Army units, local armed forces departments, and local party and government leaders to closely cooperate in various fields and jointly coordinate the activities of all parties concerned. Only thus can national defense education be conducted effectively. Third, the supervisory and inspection function: Leaders should regularly inspect the development of national defense education in their localities and supervise the general conditions in all grass-roots units. Fourth, the instructing function: All leading comrades have the duty to give lectures to the masses, and this should be maintained for a long time as a regular system.

The results of national defense education should be taken as a yardstick to measure the degree of attention paid by principal local party and government leading comrades and to judge the fulfillment of their duties. In general, the results of national defense education should find expression in the obvious increase in the citizenry's sense of national defense and in the full development of society's function in national defense. Concretely speaking, the results of national defense education should find expression in the improvement of relations between

governments and army units and between the people and the Army, with the people more enthusiastically supporting the Army, more effectively building the militia and consolidating the troops in reserve service, more actively joining the Army and helping armymen's families, protecting better military facilities, and promoting both material and spiritual civilization. If in a prefecture or in a county relations between the Army and the government or between the Army and the local people become tense, if the militia is not properly organized, if the conscription task is not fulfilled, if armymen's families are not treated properly, or if military facilities are damaged, then blame must be put on the principal leading comrades there.

Our leading cadres at and above the county level not only should bear in mind the economic strategy, but also should give thought to the national defense strategy. In the huge and significant social project of national defense education among all the people, our leading cadres at various levels should, on the one hand, take the lead in receiving education and increasing their own consciousness in national defense, thus improving their own comprehensive integrity; and on the other hand, they should also take the lead in promoting and conducting such education to increase the whole citizenry's sense of national defense so as to perform their duties in strengthening national defense and promoting the modernization drive.

Northeast Region

Heilongjiang Congress Meeting Ends 16 Oct
SK1810021688 Harbin Heilongjiang Provincial
Service in Mandarin 1000 GMT 16 Oct 88

[Text] The fifth meeting the Seventh Heilongjiang Provincial People's Congress Standing Committee concluded in the meeting room of organs under the provincial People's Congress on the afternoon of 16 October.

During the today's meeting, the namelist on personnel dismissal submitted by Sun Weiben, chairman of the provincial People's Congress Standing Committee, was announced. In line with relevant state regulations on state apparatus personnel who must retire from their posts at the age of 60, participating members approved by a show of hands the dismissals of Li Tao, (Gao Xiaopo), and (Zhang Yuliang) from their posts as officials of organs under the provincial People's Congress; approved by a show of hands the decision on the resignation submitted by (Gong Song), member of the seventh provincial People's Congress Standing Committee; approved provisional draft regulations on supervisory work of the provincial People's Congress Standing Committee; approved draft regulations on the personnel changes of the provincial People's Congress Standing Committee; approved the draft regulations on the contracting system of rural joint-venture enterprises; approved the draft provisions on protecting the legal rights and interests of old people; and approved the

resolution adopted at the fifth meeting of the seventh provincial People's Congress Standing Committee on the draft autonomous regulations of the Dornod Mongolian Autonomous County. Participating members also approved by secret ballot the new appointments of four bureau, department, and office directors, including Dai Moan as acting director of the provincial Agricultural Office, (Zuo Changyou) as director of the provincial Grain Bureau, (Wang Shuyuan) as chairman of the provincial Family Planning Committee, and Ma Lin as director of the provincial Civil Affairs Department.

In concluding the meeting, He Shoulun, vice chairman of the provincial People's Congress Standing Committee, delivered a speech in which he put forward the following four opinions on how to have local people's congress standing committees implement the spirit of 3d Plenary Session of the 13th CPC Central Committee: 1) Efforts should be made to clearly understand the situation, to upgrade understanding on the situation, and to unite ideology with the spirit of the 3d Plenary Session. 2) Efforts should be made to emphasize the work of improving the economic environment and rectifying the economic order of local people's congress standing committees in discussing or deciding on major events. Local people's congress standing committees have much work to do in this regard, such as checking on projects under construction, curtailing the scale of capital construction projects, bringing social institutional purchasing power under control, conducting reform in wages and commodity prices, dealing blows to "speculators" who have official positions or run private business, eliminating corrupt phenomena, and consolidating social peace and public security. All the work should be placed on a daily schedule for local people's congress standing committees. 3) Efforts should be made to enhance local legislative work and legal supervision and to provide a guarantee for improving the economic environment and rectifying the economic order. Local people's congress standing committees at all levels should also urge the people's government, the people's court, and the people's procuratorate to enhance the work of consolidating social peace in a comprehensive way, to uphold the principle of heavily punishing criminals in a timely manner, to deal strict blows to criminals and economic crimes, to adequately strengthen their basic construction at the grassroots level, and to enhance their management over public security. 4) Under the leadership of local party committees, local people's congress standing committees should establish close ties with deputies to bring the role of deputies into full play.

Zhang Ruoxian, vice chairman of the provincial People's Congress Standing Committee, presided over today's meeting. Also attending the meeting were vice chairmen of the provincial People's Congress Standing Committee, including Wang Jun, Wang Zhaozhi, Wang Yusheng, (Di Hua), Zhao Qingjing, and Du Dianwu. Attending the meeting as observers were Vice Governor Chen Yunlin and Jia Chengwen, chief procurator of the provincial People's Procuratorate.

Heilongjiang Financial Inspection Conference Ends
*SK1810014988 Harbin Heilongjiang Provincial
Service in Mandarin 2200 GMT 16 Oct 88*

[Text] At the provincial conference on the general inspection of taxation, financial affairs, and pricing work that ended on 16 October, Vice Governor Chen Yunlin stressed: General inspection work is important to improving the economic environment and consolidating economic order. All localities and departments should work out plans in a timely manner in line with their actual situations and not adopt the attitude of waiting for and relying on supports. Provincial-level departments at various levels should strengthen guidance over the general inspection work of their subordinate units, take the initiative in examining and correcting their own problems, and set an example for the grass-roots levels.

The conference worked out plans for the general inspection work to be conducted from now until the Spring Festival period next year.

Vice Governor Chen Yunlin said: Successfully carrying out the general inspection of taxation, financial affairs, and pricing work is of great economic significance in safeguarding financial and economic discipline, increasing financial revenues, and balancing revenues and expenditures, but is also of political significance in controlling inflation, keeping the government organs clean and honest, and guaranteeing the smooth progress of reform. The time for this year's general inspection work is pressing, the tasks are heavy, the standards are high, and the demands are strict. However, we also have many favorable conditions. Therefore, all localities should be determined to guarantee that this year's inspection work will be better than last year in terms of impetus, scale, depth, and results. All localities should strengthen leadership, prepare for inspecting key problems, correctly grasp the lines of demarcation in applying policy, and, based on conducting self-inspection in various departments, strive to complete investigating at least 50 percent of the key problems in central, provincial, and city-level enterprises; large county-level enterprises; various types of companies; and organs and units the incomes of which come from fines and confiscations.

Liaoning's Quan Speaks at CPC Enlarged Plenum
*SK1810130388 Shenyang Liaoning Provincial
Service in Mandarin 1030 GMT 16 Oct 88*

[Text] The seventh enlarged plenary session of the sixth provincial party committee held a meeting this afternoon.

On behalf of the Standing Committee of the provincial party committee, Quan Shuren, secretary of the provincial party committee, made a report at the meeting.

Quan Shuren said: At this plenary session, we should study deeply and implement the guidelines of the 3d Plenary Session of the 13th Party Central Committee in order to unify the thinking of principal leading cadres who are party members and discuss the province's specific measures for administering the economic environment, consolidating the economic order, and deepening reform and construction.

Quan Shuren stressed that we should adopt resolute measures to administer the economic environment and consolidate the economic order.

He said: We should resolutely control price hikes in order to ensure that price hikes next year will drop notably from this year. All work arrangements for 1989 must conform to this overall requirement. First of all, we must stabilize the prices of 15 people's daily necessities, such as grain, edible oil, soap, matches, and foodstuffs. No arbitrary price hikes are permitted. We should strengthen macroeconomic management of the commodities whose prices are decontrolled. The confused charge collection situation in the spheres of service trades should be conscientiously consolidated, and the phenomenon of inventing all sorts of names to arbitrarily collect charges or raise the prices of goods should resolutely be ended. From now on, no new price reform measures can be promulgated without state approval.

On the subject of controlling the increase in consumption funds and resolutely controlling social group purchases, Quan Shuren said: From now until next spring, no social institutions will be allowed to purchase commodities that are not for production. During the next 2 years, organs at the provincial, city, and county levels are not allowed to increase the number of sedans. We should further simplify and reduce various types of meetings, strictly control various types of commemorative activities and the opening ceremonies for completed projects, and control standards for paying reception and socializing expenses. No souvenirs can be issued to meeting participants.

On issues dealing with conscientiously sorting out enterprises run by party and government organs and consolidating administrative companies, Quan Shuren reaffirmed: Enterprises run by party and government organs that have not been sorted out thoroughly should be sorted out one after another. Enterprises that should separate themselves from party and government organs must do so thoroughly, businesses that should be handed over must be handed over immediately, and licenses that should be revoked must be withdrawn resolutely. The in-service party and government official cadres who hold full-time or part-time jobs at enterprises must resign either their enterprise positions or office posts. Accounts should be cleared for the party and government cadres with enterprise shares. Party and government organs' income from engaging in trade and running enterprises should be handed over to financial departments. Those who seriously violate law and discipline and seek private

gains at public expense should be called to account. The work of sorting out and consolidating administrative companies should be concluded by the end of October.

Speaking of issues concerning controlling the scale of capital construction and sorting out continuing projects, Quan Shuren pointed out: Emphasis must be placed on controlling the construction of nonproductive projects. The illegal construction that continues on office buildings, auditoriums, and hotel projects should be stopped. Those that have been completed should be confiscated by the governments and be used for other things, according to conditions. No office buildings, auditoriums, or hotels must be built in the next 3 years. Particularly poverty-stricken areas are not allowed to spend lavishly. No excessively high standards for urban construction can be fixed.

Comrade Qian Shuren also talked about issues concerning persisting in reform and construction, promoting a sustained and steady increase in the national economy, conducting education on the current situation that includes as a major part administering the economic environment and consolidating the economic order, seeking the unity of ought among the masses of cadres, consciously strengthening the leadership of the party, and bringing into full play political advantages.

Liaoning Personnel Appointments Approved
SK1810121988 Shenyang LIAONING RIBAO
in Chinese 28 Sep 88 p 1

[Text] The namelist of personnel appointments approved by the Liaoning Provincial People's Congress Standing Committee follows:

Xu Tingsheng has been appointed director of the provincial Personnel Affairs Department.

Chen Guoqing [7115 0948 3237] has been appointed chairman of the provincial Machine-Building Industrial Committee.

Chang Yi [1603 5030] has been appointed chairman of the provincial Capital Construction Committee.

Northwest Region

Gansu Secretary Li Ziqi Speaks on Current Tasks
HK1810041788 Lanzhou Gansu Provincial Service
in Mandarin 0000 GMT 18 Oct 88

[Excerpts] A provincial work conference opened yesterday in the Ningwozhuang Hotel in Lanzhou. Provincial Party Committee Secretary Li Ziqi emphasized that it is essential to resolutely implement the spirit of the 3d

Plenary Session of the 13th CPC Central Committee, improve the economic environment, rectify the economic order, comprehensively deepen the reforms, and promote the all-around development of all work in the province.

This conference is a continuation and deepening of the enlarged meeting of the provincial party committee Standing Committee and is another important step taken by the province for implementing the spirit of the Central Work Conference and the Third Plenary Session. [passage omitted]

Li Ziqi made the following points in his speech:

1. We must further unify our thinking and steps. This is the premise for implementing the central policy decisions. At this meeting, we must thoroughly study and discuss the central intentions and maintain a high degree of unity with the central authorities in thinking and action. We must also boost our confidence for handling the problems in connection with our actual conditions, and take appropriate steps to resolve them without damaging the initiative of the cadres and masses.

2. We must devise effective measures for improvement and rectification. We can only achieve good results if the measures are effective.

3. We must study the question of resolutely and steadily promoting all-around matching reforms in the province. Improvement and rectification is an important content of reform and also creates the conditions for deepening the reforms. Relaxation and invigoration is reform, and strengthening macroeconomic control is also reform. Deepening the reforms does not just mean price and wage reforms but also includes reforms in planning, commerce, material supply, foreign trade, finances, and monetary affairs.

4. We must persistently develop production so as to increase supplies, and embark on a development path with relatively appropriate speed and relatively high economic returns.

5. We must regard honest and clean government as an important content of improvement and rectification.

Li Ziqi said: We must do still better in strengthening and giving scope to the party's role as the leadership core, bringing our political strong point into play, and giving scope to the party members' role as vanguards and models. We must truly draw together the force of the cadres, party members, and masses throughout the province and summon up the determination to resolve the problems facing us and to forge ahead with reforms and construction in Gansu. [passage omitted]

END OF

FICHE

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